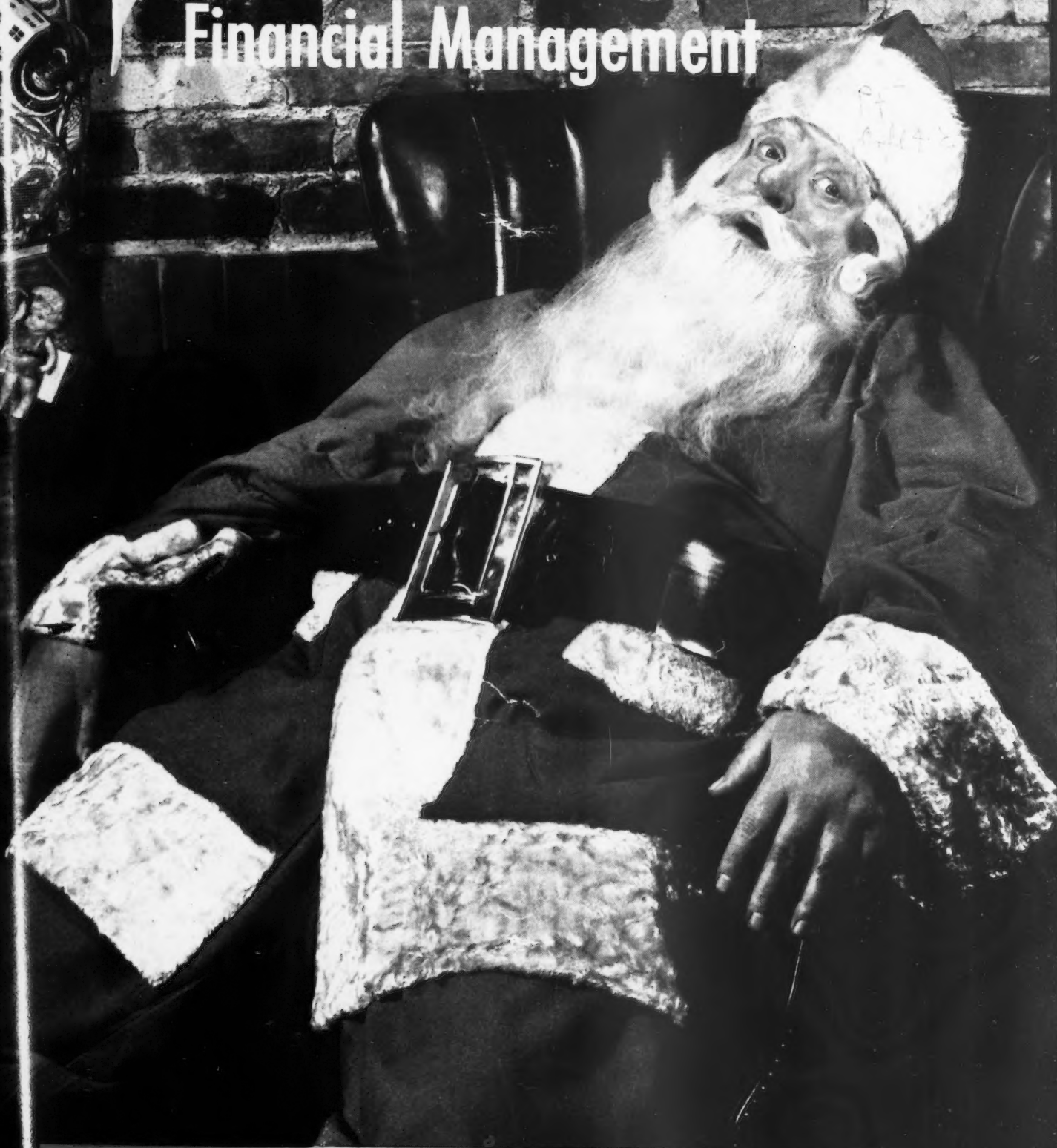


CREDIT

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DECEMBER
1940

Give Credit Its Due — Page 6

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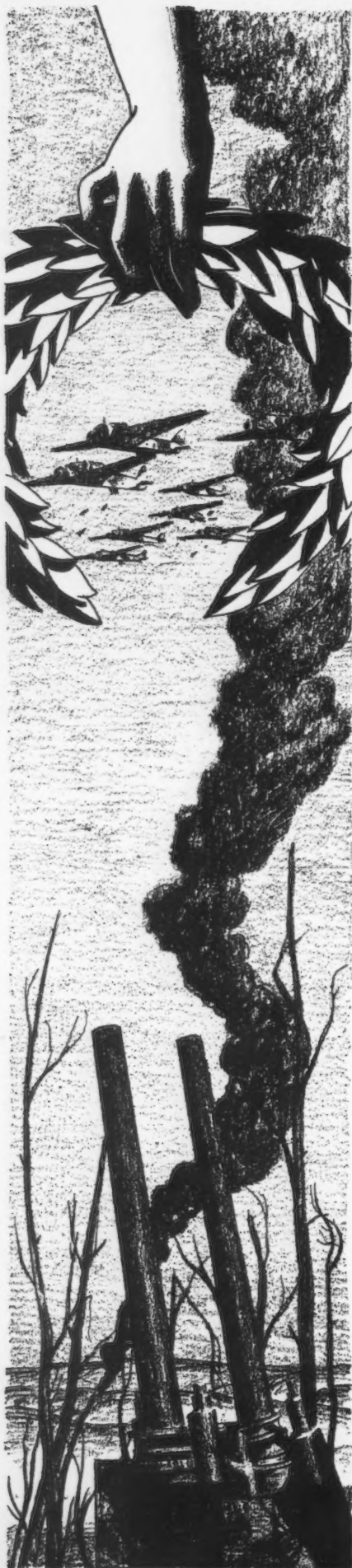
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"Let Us Have Peace"

(Reprinted by Request)

CEN This year the calm spirit of brotherly love that Christmas recalls and inspires is in sharp contrast to the many conflicting aspects of present affairs throughout the world. It is with this realization that we all look forward to the holiday season with the hope that it will be more than a time of revelry; rather, a symbol of the spirit of mutual trust and cooperation which mankind should affect.

If the spirit of Christmas could be extended beyond the brief holiday season, the world would know less of racial and religious prejudice, of greedy hatreds and cancerous animosities.

In this season all that is best and noble in mankind should express itself. It should be for friend and foe a time of reverence and respect, of thoughtfulness and courtesy, of forgiveness and charity. Every implication of "peace on earth, good will towards men" should be realized in its fullest expression.

Deep down in every man's heart there are intimations of something nobler than this war-weary world today offers. Let us pray that these intimations will soon be part of our daily life.

In wishing each other a happy holiday season let us remember that each of us in his own way must do his part in spreading the gospel of love of fellow man. So doing we can help insure that the generations to come may not, as did so many generations in the past, fall victims to false apostles of peace, to lustful ambitions of ruthless rulers, to prophets of reward without effort.

Let our hearts be moved, let our voices ring clear in behalf of greater understanding among all men, and in defense of those so deeply aggrieved that not only the promise but also the impending actuality of a new day of greater tolerance must be theirs, if this is indeed to be for all a Merry Christmas and a Happy New Year.

Henry H. Heimann
Executive Manager, N.A.C.M.



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Give Credit Its Due

Importance of Profession in Business World

By D. M. Messer, President, Credit Managers Association of Northern and Central California, San Francisco

CFor some twenty odd years I have been exposed to and have pretty closely followed what may be classified as credit and credit granting. It has been the emolument by which I have lived and I have found it on the whole interesting.

While I lay no claim to being an expert in the line, I believe I find myself in the same position as the judge in a southern state who found it necessary to sentence a colored boy who pleaded guilty to stealing some chickens. Sam was duly sentenced but the circumstances of the case had somewhat provoked the curiosity of the judge so he questioned Sam as to how he had managed to take the chickens and carry them off right under the window of the owner's house while a savage dog was loose in the yard. Sam was non-committal and not inclined to explain. However, he said:

"Hit wouldn't be of no use, jedge, to try to 'splain dis ting to you all. Ef you was to try it you more'n like as not would git yer hide full o' shot an' git no chickens, nuther. Ef you want to engage in any rascality, jedge, you better stick to de bench, whar you am familiar."

Credit, to be termed and applied in a broader sense as the field of mercantile finance, is properly called a profession. What a field of exploration it offers! What business undertaking can succeed without it? Now, by that I do not necessarily mean the routine of receivable credit granting alone, but rather as the accountant who, in his understanding of bookkeeping, says that for every debit there is a corresponding credit, so does the profession of credit in modern business require a fundamental understanding of the proper application of the invested dollar if the invested capital produces the income yield which may be rightfully expected of it.

Something New Every Day

So, when I refer to Credit for Credit I like to emphasize the importance of bringing to our profession the respect and the position which I feel it merits in this modern business world.



I recall a quotation from Solon, a Greek Philosopher living between 638 and 558 B. C., which appeared in one of our credit periodicals and which read as follows:

"I grow old learning something new every day."

It seems to me that this is a pretty good philosophy to hold in relationship to any profession. I believe it is particularly applicable to credit and collection work. There can be no monotony, no hum-drum repetition to the credit problem, because of necessity no two credit transactions are exactly alike. They are as varied and at times as complicated as some of the problems in the world in which we live.

Let us consider the case of the leading hotel in your city, a meeting point for the social and business life of your city. I wonder how many of you credit men present ever think of a business of this kind in the light of a financing problem. I wonder how many of you could go back and trace the steps by which the hotel came into existence; the steps that were taken to bring about the financing which made possible—first, the erection of the hotel and, second, the furnishing of it.

Twenty years ago or more this was a credit problem which some of you no doubt passed upon, and at the close of a twenty-year business cycle it can not help but be an interesting experience to look back and check upon your judgment from both the light of a credit grantor and perhaps as an investor.

As a matter of fact, any credit survey which involves a new business venture is always interesting, but to me—and I speak not without some experience—there is a particular fascination which accompanies any large building program such as a hotel, club, school, etc., if it is in a true sense a promotional undertaking.

First there are the prospectuses, which are generally prepared with a flow of rhetoric descriptive of the results to be obtained. The financing is described as adequately insured through opportunities afforded for the purchase of bonds, stocks of various kinds, debentures—

at one time they were termed certificates of beneficial interest—and other evidences of the promoters thoughtfulness for the benefit of the investors' interest. Then comes the building committee followed by the architects with their accompanying plans and elevations. I notice the elevations always come first and the depressions later.

There can be no denying the attractiveness of the contemplated structure. The drawings and plans are the best of testimonials. The grass has that seductive shade of green which only an architect knows how to supply. The women engaged in conversation before the entrance of the hotel hold their parasols in that military manner which an architect knows how to create. Everything is progressing in order, and the building committee are exuberant. They run hither and thither and clap their hands in glee.

Run Into Troubles

Construction is commenced and the edifice begins to rise proudly in the air. About the time the building is encased, something seems to dampen the enthusiasm of the leaders. Perhaps it is the plaster, or then again it may be the lack of plaster, but subsequently meetings are held, additional plans of financing are discussed and eventually put over which in the end result in the property being completed and the furnishings installed. Then there follows a period where the income does not equal let alone exceed the outgo. Meetings are held, the prospectuses are checked and rechecked to the end that it is discovered that wherein Department A should have operated at a profit, a loss had been sustained. The creditors are called in; their advice solicited and seldom acted upon. Any number of you men here can appreciate what has happened and likewise may also appreciate what could have been prevented if in the forecast those responsible for the financial planning had provided the adequate capital necessary and had made their forecasts of a house built of rock rather than of paper.

This falls within some of the problems which I have referred to which serve to stimulate the life of a credit man and prevent his work from becoming monotonous or hum-drum. Of course, I suppose no man is ever quite satisfied with his job, and evidently human nature did not intend it to be so.

They tell the story of a steel worker, a roller in the years gone by, who applied directly to his boss, Mr. Andrew Carnegie, for a holiday in which to get married. Mr. Carnegie inquired interestedly concerning the bride:

"Is she tall or short, slender or plump?"

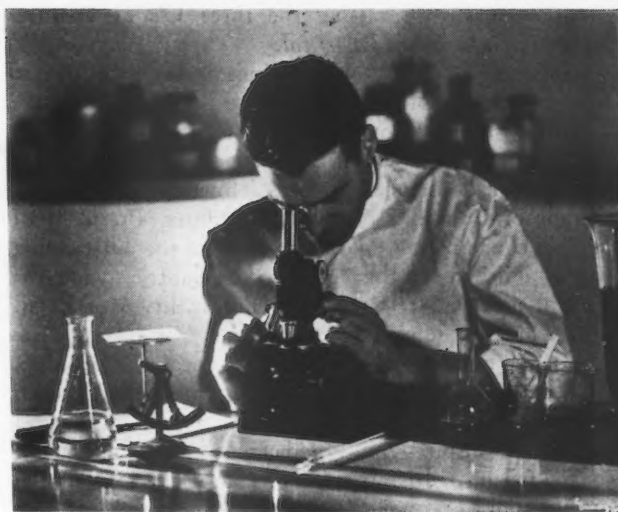
The prospective bridegroom answered seriously:

"Well, sir, I'm free to say, that if I'd had the rollin' of her, I sure would have given her three or four more passes."

If I were asked to stress any one particular point with the young man starting a career and looking forward to a field with a future in credit and finance, I would like to stress the importance of approaching the credit problem with a note of optimism and courage.

The Business Target

Some years ago, Jimmie Hatlo in one of his cartoons, *They'll Do It Every Time*, depicted a scene wherein the credit man refuses an order and the office staff stand around sympathizing with the poor salesman who has finally closed a deal only to have the credit man put the "ephus" on it . . . apparently, under the slogan that



"Learning Something New Every Day"

They'll Do It Every Time. That cartoon appeared in most of our coast cities' papers. I received copies of it from Seattle to San Diego clipped out of the papers and sent to me generally with side comments and little friendly reminders.

There can be no doubt but that Mr. Hatlo's sympathy ran to the salesman, but what I cannot understand is why there is such tendency to bring discredit upon the profession merely because the executive of that profession has the ability to analyze and likewise the courage of his conviction to eliminate the bad and keep the good. Of course, the duplicity is evident.

On the one hand we have a credit executive thinking in constructive terms for the benefit of his company; on the other we have the salesman thinking in commission terms about the size of his paycheck. Just why should incidents of this kind earn for the credit man the title of a "crepe hanger?" Why should he be considered as a necessary evil rather than as an insurance policy against conditions which if pyramided would undermine the whole business structure and bring financial ruin to all those connected with it.

As I have said before, the fault may lie to some extent at our own door. Perhaps we have failed to put the proper valuation on ourselves and this, in turn, may react against us. However, take away your credit facilities from a super sales organization and it will be a sorry day for the salesman's bonus check. The Credit Department should be more properly classified in my opinion as a Credit Sales Organization in the modern business structure of today contributing both in sales and service.

Courtesy Is Important

Dr. Paul F. Cademan, President of the American Research Foundation, in an address delivered before the National Credit Men's Association in San Francisco defined sound credit as "The intent with the ability to pay." A Credit Department, functioning in the proper manner, is charged with the responsibility of determining the ability of the seeker of credit to pay, and in addition there must be some appraisal—term it character if you will—which may be classified as Dr. Cademan puts it—as the intent which is to be considered with the ability if the obligation is to be discharged. This

is another way of recasting the three C's of credit—*Character, Capacity and Capital*.

Coupled with my note of optimism, I would like to emphasize the importance of the word "courtesy" in the modern operation of any business. It is essential in every department and the Credit Department is not omitted. Speaking at a conference sponsored by the Retail Board of Trade of Boston, Hortense M. Odum, President of Bonwit-Teller of New York City, one of the outstanding retail establishments throughout the country, made the statement in an address on "The Personality of a Retail Store" which I quote as follows:

"In the building of good will for successful business, it seems to me that few things are more valuable than courtesy. Courtesy pays for itself in actual dollars and cents. It inspires faith and trust, wins confidence, makes friends. In my opinion, courtesy is one of the most important attributes a store can have."

Picture in your own minds your actual experience in spending your dollars in the modern store of today. Follow your own experience from the purchase and departmentalize it through the entire establishment—be it retail or wholesale—and I believe you will agree with me that courteous treatment is one of the greatest attributes to the success of any mercantile establishment. I recall a definition of politeness as having imagination enough to know how under similar circumstances you would like to be treated, and then having sense enough to put the treatment into effect.

To approach a credit problem with the same manner of enthusiasm that the salesman approaches his sale is, I am sure, a factor which may be developed and which will tend to increase the importance of the Credit Office and gain for it the respect which it really merits in the operation of any modern business.

And now, I want to comment briefly on the subject of installment credits. I recall a script in the newspaper the other day in which a modern high-pressured vacuum cleaner salesman approaches the lady of the house in the following manner:

"Good morning, madam, let me sell you a vacuum cleaner. You make a small down payment and then pay nothing for six months."

Whereupon the good lady replied:

"Why, who told you about us?"

This would indicate high pressured methods.

Risks Grow With Business

Credit offices and credit personnel are factors in our modern business life today because the good must be accepted and the bad rejected. Every time we lengthen terms and reduce the requirements of the down payment, the move is made to attract customers who can not qualify under the standards of open unsecured credit. Wherein the merchant sells more, he risks more and, contrary to what many people believe, losses on installment sales are much heavier than on regular unsecured accounts.

A good formula for selling on installment credit may be stated as follows:

Who is he?

Can he pay as agreed?

Will he pay as agreed?

Can he be made to pay as agreed?

No one can deny that installment business has been helpful as a stimulant to increased sales volume, and, if it is

not overdone, the help may be permanent rather than temporary. There are those who charge to installment selling the responsibility of our depression. It would seem obvious to me that installment selling might help to delay a depression on the one hand and on the other just as likely to delay recovery once the depression came. This latter statement is obvious because today's installment sales are made at the expense of the sale at some future date.

Credit risks do not come ready made, and naturally they present problems which are not always possible to solve and very frequently have to be recast. A problem according to the dictionary is—

a doubtful or difficult question;

a matter of inquiry;

a discussion for thought;

a question that excites the mind.

It is my contention that credit as a profession requires an agility of mind together with the ability to recast both figures and facts when necessary so that the proper analysis can be made and the right answer obtained.

In Mr. Henry Heimann's Monthly Letter of October 15, speaking under the heading of *Basic Viewpoints*, he states as follows:

"A credit executive, in analyzing the credit of our people as a nation, would appraise closely their existing philosophies of life, their attitude to problems, as well as the tangible assets and liabilities that appear in the American balance sheet. He knows that the existing philosophies and attitudes will determine what tomorrow's balance sheet will be."

Facing New Conditions

It is generally conceded that we, as a nation, are facing new economic conditions. What these conditions are going to be when peace comes—which it eventually will do—is a very difficult thing to forecast; like Anne Morrow Lindbergh in her new book *The Wave of the Future*—Thinking men and women are trying hard to piece together facts and circumstances of this war-torn world and work out some pattern from the conflicting evidence that civilization is not disintegrating and vanishing from the face of the earth.

Business varies in its relationship between cash and credit transactions but, generally speaking, anywhere from 50 to 99% of every dollar sale is on a credit basis.

Who Will Be the Leaders?

I recently read an essay on "American Ambitions" which seems to me to set forth a note of optimism that was worthy of remembrance. It stated as follows:

"It is out of the ambitions, the attempts and the failures, that we get our really great; and when we sneer at the aspirations of the crude and untaught, we should remember that it is only when they fail that they are folly. When they succeed they are biography."

It is because of our credit facilities that modern business may safely convert its tangible properties into the intangibles of accounts receivable. These receivables have a very important place on the balance sheet and if we of the credit profession safeguard them zealously and well there should be no reluctance upon the part of the leaders of Business and Industry to give CREDIT FOR CREDIT.

Improved Plan for Interchange

Industry Credit Group Manual Gives Program for Better Service

By Henry H. Heimann, Executive Manager, N. A. C. M.

C Nothing is truer than the old axiom, "An ounce of prevention is worth a pound of cure." I am certain credit men will agree with me that there is no place where this applies with greater force than in the work of the Credit Department, where the preventive ounce eliminates the pound of unreasonable bad-debt losses and—equally important from the viewpoint of business—the loss of profitable accounts.

No activity by credit executives through their Association has proven a greater "ounce of prevention" than the work they have done in building an exchange of ledger experience with one another. Under the aegis of the Association, they have proven the practicality of this exchange, the necessity of it, and its unquestioned value. With their guidance, the Association continues its effort to further improve and perfect this exchange.

The Credit Department is a comparatively new division in the business establishment. However, through this relatively short period it has come to win a new appreciation and appraisal in the eyes of the rest of the business family. It has come to be recognized as a powerful, construc-

tive force in business, functioning not solely to reduce or eliminate bad debt loss but to contribute materially to the volume and profits of the business.

Its status has rapidly changed from that of a clerical to an executive department. This change introduces an element of great importance in dealing with the problem of the exchange of information between creditors. The strictly negative approach no longer applies. The demand is for the facts and information necessary to the forming of executive judgment and decision. Inconsistent as it might seem, the application of one strict policy by all present and potential creditors of a customer is no longer the accepted method. In a large percentage of what we commonly call border-line accounts, good business practice (which measures all of the factors of maintaining necessary outlets for services and merchandise, together with acceptance of the principle that both the debtor and the creditor have a mutual interest in the proper conduct and future welfare of the business) dictates that oftentimes it is important that certain creditors continue or even expand credit accommodations when others should reduce or refrain from making those accommodations available.



Industry Credit Groups Have Solved Many Problems and Increased Profits

Thus it is that, just as the functions and the problems of the Credit Department are receiving a markedly different appraisal, so, too, is it accepted that the exchange of ledger experience information between creditors must be fashioned and accomplished so as to perform not a clerical but an executive service.

The National Credit Methods and Practices Committee of your Association continues to render an invaluable assistance to credit executives in this most difficult field. This committee has carefully tested and studied the various methods of exchange which have been organized from time to time. It has carefully appraised and determined the peculiar advantages of each method, and then set about organizing them into a single, coordinated plan of service to meet those requirements which credit executives recognize as essential.

At the present time, the Committee is engaged in the development of a program which will permit of exchanges of information by industries and between all of the creditors to operate together effectively and efficiently. To that end, the committee has formulated a *Manual of Industry Credit Group Organization and Operation*. This Manual sets forth ways and means of meeting the needs of credit executives for a close contact and cooperation in an exchange of information by industries, coupled with a broader exchange between industries.

Individual Appraisal Risks

We all recognize the danger of a single credit executive attempting to operate as an individual and alone, and I recognize, as does the Committee, that industries, too, invite unnecessary risks and hazards if they attempt to operate independent of one another in matters of credit. There is indisputable evidence of the necessity for a constant and close contact between the credit executives in an industry, and that must be continued and enlarged, but the risk or possibility of that industry's divorcing itself from other credit interests must be avoided. And that, in a few words, is what the National Committee has attempted to do in formulating the Industry Credit Group Manual of which I speak.

This Manual is meeting with prompt and general approval. Individual credit executives and officials of local Associations indicate this by the resolutions and letters of approval the Committee has received on its work. It is a matter of gratification even to the Committee, itself, that the Manual has been so promptly accepted and approved without any suggestions for change in either the general plan or the procedure it recommends.

Thanks to the Committee, your Association now has a practical, workable method of coordinating the exchange of information by industries with the broad exchange between industries through our Credit Interchange System. The Committee's accomplishment means economies in time and money for credit departments and business. It has developed greater knowledge and understanding of the problems involved in the exchange of ledger experience information, and out of that will grow better cooperation, which will in turn translate itself into better credit handling and better profits for business. This work is a broad step toward overcoming what has been a very real problem for credit executives—the question of how to get the full amount of needed information and get it promptly. This will become increasingly clear to

Your Views About Cash Discounts?

Turn to page 18 for a new slant on the accounting methods of cash discounts.

What are your views on this important subject? What do you do to "stop the chiselers."

credit executives as the program recommended by the Committee comes into full force and effect.

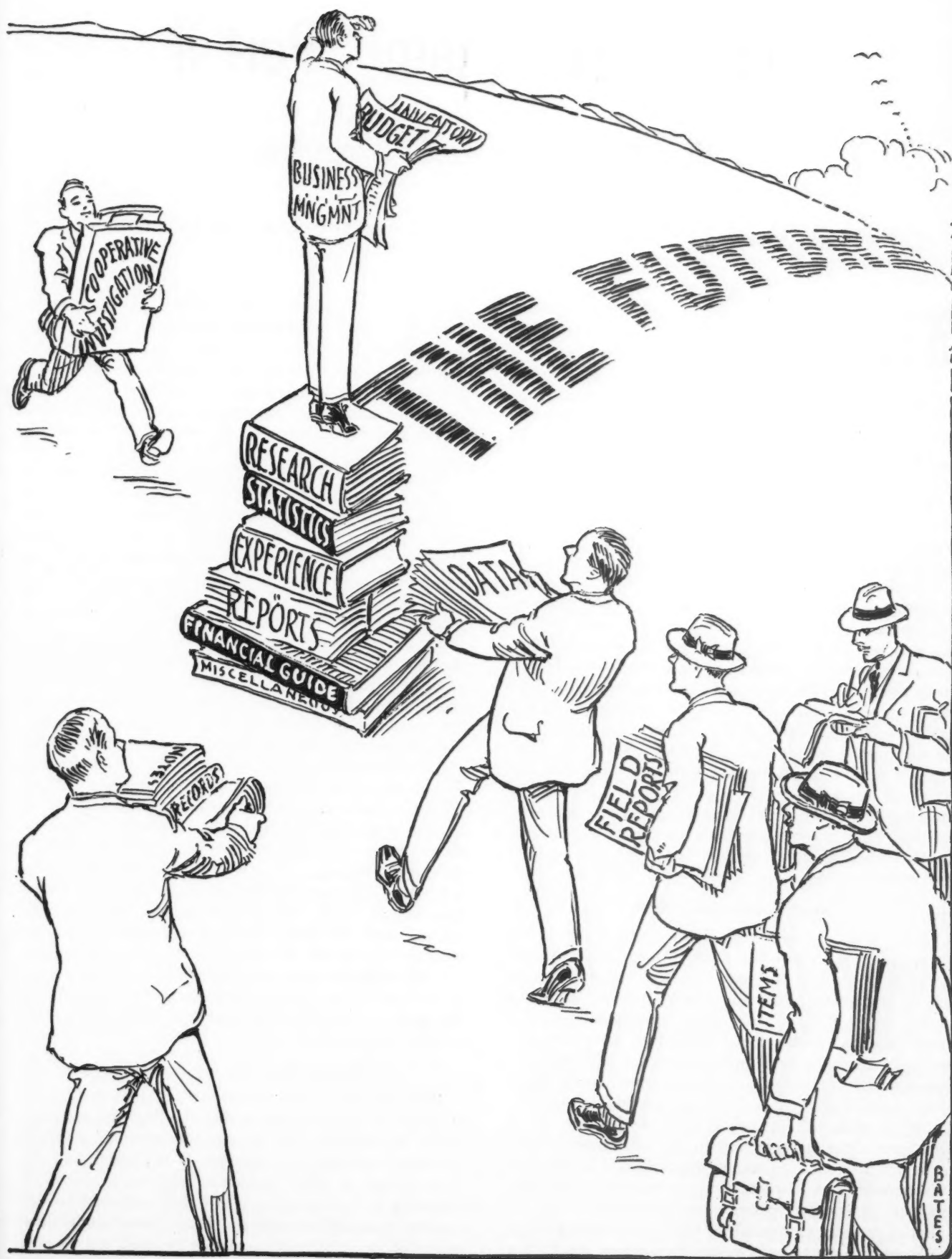
National Board Indorses Plan

Through its Board of Directors, the National Association of Credit Men has examined and appraised the Industry Credit Group Manual developed by the Committee, found it good, and has given it its unqualified endorsement and support.

As Executive Manager of your Association, I commend this Manual to the careful thought and study of each local Association and each member as embodying a plan which unquestionably marks a forward, progressive step along the difficult road toward developing the completeness and timeliness of information all credit executives recognize as essential to the performance of their daily work.

The exchange of ledger experience information is essentially and necessarily a function of your Association. The rate of progress in any effort where community of interest and mutual action play a part is measured not by the speed of the fastest but by the speed of the slowest. Improved credit handling, constructive credit handling, depends in large measure on faster, thoroughly dependable and completeness of credit information. The development of that type of information can only be accomplished on a solid foundation of mutual confidence and respect; by the use of that intelligent selfishness which builds cooperative effort; and by the constant communication of all of the essential facts involved, not alone to the fastest or to the slowest, but to all who can and should participate in it. If for no other reason than that, the Association must continue to sponsor and develop the exchange of ledger experience information.

Its National Credit Methods and Practices Committee is the medium through which your Association can express itself and be guided in this important and difficult activity. In their behalf, I ask your assistance in the continuance of the excellent service they are giving credit executives and business.



Many Items Are Needed to Complete the Credit Picture.

"Others Sell Them!" Part II

More About Unfair Credit Competition

By G. C. Klippel, Credit Manager, Van Camp Hardware & Iron Co., Indianapolis

IF IT IS my sincere hope that, even though my problem may be "as old as the hills" and common to all of us, my analysis may bring you some new ideas, and that my solution might add its bit to your efforts toward solution in your own particular case. No need to tell me that my problem is individual, because I know that every professional credit executive faces it himself daily and knows all too well its seriousness and prevalence and the continuing difficulty of solution. Unfair credit competition and its effect on general credit practice along with amateurish collection procedure and its resultant burden on the professional credit executive is my "pet peeve" or credit and collection problem of the year.

Credit competition and trade competition have many fundamental characteristics in common. We speak of advantages resulting from competition in trade such as the shaking out of dead timber, the stimulus to effort, and the tendency to stabilize or equalize prices. Unfair competition in trade through uneconomic trade practices hinders the successful progress of industry. Unfair credit competition through unintelligent credit practices likewise interferes with our progress professionally. We legislate against unfair trade practices. What shall we do about our problem? In my attempt to analyze the problem, I first will point out various types of credit competition, allow you to judge whether they are beneficial or detrimental to our profession and then offer my suggestion for solution.

Unfair Credit Competition

In the main, unfair credit competition is the result of carelessness, failure to think through, uncertainty, weakness under sales pressure and last but not least, a lack of professional credit education. In other words we in the credit fraternity are daily in competition with those "glorified book-keepers" who just grew into the job and are making no effort to keep pace with our profession in its program to elevate the trained credit expert to his rightful position in the business world. I have no "crow" to pick with the young man who has been given his chance through promotion to join us in the field of credit practice, but I do become aggravated if he does not avail himself of the opportunity to study and qualify himself as a cooperating member of our profession.

Let us consider an example or two for a moment.

My agency report on a dealer from whom we have a substantial order is indefinite and no reasonably accurate appraisal of his capital condition is in evidence. Inter-

change Bureau report shows several selling, payments slow 30 to 90 days. Dealer's reply to my letter requesting financial statement is in effect: "I have never given anyone any figures on my condition. It is none of their business. Just cancel the order because I can get the merchandise on credit from any of several houses, without giving information about my finances." And he can get it, as you well know!

Then there is the regular old-time customer who becomes greatly offended if a current statement of condition is requested when delinquency occurs. His slowness may or may not be the result of temporary conditions, but he severs his business relationship with our house because I would not accept the settlement offered until I had facts on which to base my decision. "No other house had the nerve to ask such a thing," he says.

Just a few months ago I received a letter from one member of a partnership that had been a customer of ours for several years. This one partner proposed to buy out the other's interest and continue as an individual. The buying partner offered present creditors notes payable on or before eighteen months signed by himself individually and promised to confine his future purchases to those who would go along with him. I asked how the selling partner was going to get his money and also requested a pro-form statement that I might see what the financial condition of the buying partner would be at the date of the change. I received the statement along with a letter telling me that I was the only one of nine creditors to make such a request and that the other eight had already most willingly agreed to accept the note. I had been suspicious from the beginning that the selling partner who was now our debtor might be preferred over us in the deal. Sure enough, the financial statement showed the debt to the selling partner was \$1200.00 payable \$100.00 per month.

Could They See the Picture?

Had the other eight creditors thought of that? And if they had, did they know that the financial statement of the remaining partner showed total assets of \$6521.00 including merchandise inventory of \$4418.00 and fixtures valued at \$1100.00; total liabilities of \$5079.00, including accounts payable of \$3879.00 and the \$1200.00 payable to the selling partner? From a professional viewpoint can you justify the acceptance of an 18 months note, the release and preference of that debtor over you when by the same transaction, the tangible net worth dwindles

from a statement value of approximately \$2450.00 to a new value of \$1250.00? I refused to agree to the proposition, received a check for our small account of \$200.00 and was thankful for the remittance.

Thousands upon thousands of credit decisions are made without a full and complete statement of facts simply because as credit men we do not stand upon our rights, and, rather than work together to improve our facilities, we compete with one another unfairly.

The Bureau of Business Research of the University of Illinois recently completed a study of 193 major business concerns that had failed during the previous year. Annual financial and operating statements were studied for each of the ten years prior to failure. The figures were analyzed by the ratio method and in every case one or more of the ratios pointed definitely to the downward trend toward failure five years or more prior to the failure.

Not only have we failed to establish in the minds of our customers that good credit practice requires that we have facts on which to base our decisions but we also have failed to fully recognize the importance of thoroughly and intelligently analyzing the facts that we might see the signs of impending failure and loss, years before the bankruptcy court calls our attention to them.

Why Be Santa Claus?

Frequently one of our salesmen brings to my desk a prospective customer who intends to open up a new hardware store in Boston and desires to arrange terms of payment for a stock order of four or five thousand dollars. Prospect has about a thousand dollars but will need that for his fixtures and the expenses incidental to opening up for business. He would like to buy an opening stock of about \$5000.00 and pay for it at the rate of about \$250.00 per month for twenty months. He has no outside resources and even though he may have selected a good location and have an excellent reputation and the will to succeed, good business judgment dictates that his proposition be refused on the grounds that he cannot fulfill his promise to pay. It is not difficult to estimate his probable net profits and they certainly could not by any reasonable stretch of the imagination be estimated to be \$250.00 per month. His payments could only be made out of net profits or by depleting his inventory or by transferring the debt from one creditor to another. But within a week or two after my refusal of the business, our salesman tells me that our competitor took the business on those same terms and that I am driving away good business. He thinks it must have been good business because the other fellow took it.

Credit men are so apt to take things too much for granted. We may study the financial condition of our customer, may analyze his statement by ratios, may verify his cash resources, may satisfy ourselves that his reputation and capacity are good—in fact be thoroughly convinced that he is an excellent risk according to our yardstick, the four C's of credit—yet pay no attention whatever to the insurance coverage on those very assets from which we expect payment of our debt. I have refused to continue on credit basis with many of our customers because my investigation showed that those assets upon which I had been relying as security for payment of our account were not protected against insurable hazards. In-

Credit Features of Defense Orders

Turn to page 26 for late information
on points to check closely on any
contracts you receive on Rearmament
Jobs.

insurance authorities tell me that the tangible assets that you and I and all other credit men are relying upon for the liquidation of business debts are only protected against insurable hazards to not to exceed 25% of the reasonable requirements.

Are the Assets Protected?

We watch for obsolescence in inventory, we check the dealers accounts and notes receivable to estimate their value or collectability, we mentally revalue his fixtures, we verify his real estate holdings, we endeavor to determine his capacity for making a profit doing business with the tangible assets that he possesses, and then pay little or no attention to his protection of those assets against insurable hazards. Is that not a serious indictment of the credit profession?

Is it any wonder that the salesman, basing his opinion upon the credit decisions of his competitors, complains that the credit department does not cooperate with the sales department? Is it any wonder that he likens me to the twelfth juror who stubbornly insisted the other eleven were wrong? Isn't it just good common sense, if the twelfth juror is sure of his ground, he should stand firm and convert the other eleven?

My individual solution to my problem is to give proof to my salesman, our sales department, and my company executives that I must have the tools with which to work and the material to work on and that I can then turn out the best professional credit masterpiece that business has ever seen. I must be *able* to prove and then *prove* that my credit competitor, who I allege is unfair is actually unfair.

The real solution is so simple. Just credit education, that's all. As a fraternity—as a profession—let's talk education. Let's get down to business and solve this one big problem professionally. Fair competition will stimulate our effort, the unfair will be shaken out as dead timber, and our reward will be the stabilization of standards and remuneration.

We have the problem and the solution—both of them a challenge to you and every professional credit executive. Confidentially business expects and is relying upon us to solve it.

Annual Contracts for Washington Service Approved by National Board

By John L. Redmond, President, National Association of Credit Men,
Vice-President, Crompton-Richmond Co., Inc., New York City

CF The Board of Directors of the National Association of Credit Men, has approved a plan whereby, after May 1, 1941, the services of the Association's Washington Service Bureau will be available to all members of local Associations which contract with the National office for this service in the nation's capital. The plan will insure the continuance of the increasingly important Washington activities of the Association which have been developed by the use of the Association's Development Program Fund, which will be exhausted by May 1. Before explaining the reasons for that action of the Directors let me tell you something about this newest and increasingly popular Association service.

A few weeks ago a member of the Association was endeavoring to collect an account amounting to thousands of dollars for supplies furnished to a vessel which was waiting in an American port to clear for South America. Funds were available for payment but they were under the control of a foreign company and could not be released without the permission of the Treasury Department. The time element was important because the ship's sailing was delayed pending payment of the account and port charges and other expenses were piling up.

The member company wired the Association's Washington Service Bureau asking if a personal appeal could be made to induce the Treasury Department to take special action in the matter. That was done within the next half hour and the evening mail plane from Washington bore the government's approval of the transfer of funds. Result. Immediate payment of the account and a saving of several hundred dollars in expenses which would have developed but for the special handling of the matter.

Cleared Question on Defense Job

A few days later another Association member notified the Washington Service Bureau that an order which had been received from a subcontractor on a defense project bore a Preference Rating given by the Army and Navy Munitions Board. The subcontracting company was not an entirely satisfactory credit risk, judged by customary standards. Did the Preference Rating, asked the member, mean that the order must be accepted? If not, what did it mean? Pending the receipt of a reply action on the order was being held up. An airmail reply sent the same

day, from the Washington Service Bureau, explained fully the meaning of Preference Ratings and that they carried no compulsion to accept orders which would not otherwise be accepted. The member was also given information concerning other aspects of the defense program about which he was in doubt. Result. A clear picture of the situation which guided the member company in handling this transaction.

These two cases are good illustrations of the hundreds of services which the Association's Washington office has rendered to member companies since the beginning of the defense program in addition to handling the normal and increasing volume of inquiries dealing with other aspects of governmental work in connection with which Association members requested information or assistance. They show clearly the manner in which the Washington Service Bureau can aid members of the Association not only in connection with normal Washington developments but with the defense program and other emergency situations which present new and difficult problems to business men.

The Association's Washington Office was opened in 1935 to strengthen and centralize the Association's legislative activities and to provide a special service in Washington for Association members desiring information or assistance in connection with Washington developments. It was believed then that such a service, offered by the Association, would help to meet the increasing need of Association members for prompt and accurate information from Washington.

Service Serves Many Members

The response of the membership to this service was immediate and gratifying. The usage of the service has shown an increase during each year of its operation. The growing volume of repeat inquiries and the large number of voluntary expressions of appreciation and commendation from members who have called upon the Washington Service Bureau for assistance are perhaps the best evidence of the value of the service to our members.

There are very few Association members who cannot, at one time or another, use this service to great advantage. While the Bureau does not engage in the practice of law, perform selling activities or render services of a highly technical character, it is able to assist business men in connection with an almost unlimited variety of problems

which arise in connection with Washington developments and actual business transactions between our member firms and various governmental agencies or contractors with those agencies.

A large number of the inquiries handled by the Washington Service Bureau are received from member firms which have supplied material to a contractor engaged on a federal construction or repair job. Those inquiries deal with the amount of the bonds required from the general contractor on such projects, the name of the surety company writing the bond, and similar information of great value to the credit executive or other officials of the firm furnishing the material. Other inquiries deal with the status of claims which member firms have filed in Washington and which are pending in the General Accounting Office or some other Government agency. Others ask for information concerning the interpretation and administration of such laws as the Social Security Act, the Wage and Hour Law, the National Labor Relations Act, the Walsh-Healey Act and similar regulatory measures. Other inquiries request the manager of the Washington Service Bureau to perform personal contact service with some governmental agency with which the member firm has a pending problem. Others ask for information regarding pending legislation.

In short, the inquiries which the Bureau has received during nearly six years of its existence cover almost the entire range of governmental activities in Washington.

Members Endorse Service

Typical of the response of our members to this service are the following voluntary expressions of appreciation selected from the large number of letters which members have written to the Washington Service Bureau after they have received a report on an industry sent to the Bureau:

"I certainly do want to thank you, personally, for your very fine letter of June 19, giving me the information requested in my letter of June 18.

"This is the type of service we credit men need, and I believe if there were some way whereby more of the members could become aware of the service offered by the Washington Service Bureau, they would obtain a great deal more from their membership with the local association.

"You may rest assured that I will, personally, recommend the Bureau to the various credit men that I know."

"We want to express our deep appreciation of your help, and our belief that the services of your department are one of the most valuable assets that any credit department could possibly have . . ."

"I have personally mentioned your service to our local manager and told him that I felt that the service you had rendered to us was worth far more than the amount of our yearly Association dues. In fact, this service is one of the best ever put out in my opinion for our class of trade."

Services to Be Self-Sustaining

The Washington Service Bureau has not only operated up to the present time on a non-profit basis, but almost

entirely on a non-revenue basis. Until the value and need of the service had been definitely proved it was decided not to charge members for the service except in very special cases which involved an unusual amount of time and expense. That policy, of course, necessitated a considerable annual outlay for the maintenance of the service and many members, who received the benefits of this service, expressed surprise at the fact that they were able to obtain valuable information at no cost. Many suggested that they would be willing to pay a reasonable charge for the service which they received. Despite these suggestions, however, it was decided that, during the testing period, the service should be offered free of charge except in special cases mentioned above. Meanwhile, the Washington Service Bureau has been supported by Development Program funds.

It is obvious now, however, that the service has become so well established and has so completely proved its value to the Association's membership that it should be placed upon a self-sustaining basis. There is no thought of making money out of the service but it is felt that it should at least break even.

This policy has been approved by the Association's National Board of Directors which considered two alternative methods by which the service could be made self-sustaining. One method involved a negotiation of annual service contracts with individual member companies which would result in extending the service to those firms which would purchase such contracts but withhold it from all other member firms including those whose need for the service would perhaps not be sufficiently extensive to warrant the purchase of an individual contract but which would not be able to call upon the Washington office for assistance on occasions when they would need it. The other method was to enable local associations to purchase an annual service contract which would entitle *all* of their members to utilize the services of the Bureau. That arrangement would greatly increase the coverage of the service and make it available not only to firms which need to use it frequently but to others whose need for the service is occasional.

Plan Approved by Directors

The Association's National Board of Directors has decided that the latter method is more equitable and satisfactory and has approved its adoption as a definite Association policy. In connection with that action the following procedure for the handling of the Washington Service Bureau has been approved.

Local associations will be given an opportunity to enter into an annual contract whereby all members of the local association will be enabled to use the Washington Service Bureau up to a maximum number of services per member per year. Services rendered to a member in excess of that maximum number will bear a nominal charge. The cost of such service contracts will be determined by the number of the local Associations acquiring the contracts.


Full details of the plan and the cost of contracts will be given to local Associations soon after publication of this announcement.

It is believed that the very reasonable charges for these contracts with their coverage of the entire membership of a local Association (Cont'd on P. 44)

A New Era for Coal?

Will New Coal Act Improve Industry?

By Charles M. Means, Consulting Mining Engineer, Pittsburgh

 Food and water alone outrank coal among the necessities of life. This natural resource was a predominant element in making England the banker nation of the world. The coal was mined by British workmen, taken to tidewater, loaded in English bottoms and carried to the farthestmost countries of the globe. A very large percentage of the money so secured remained in England and produced a favorable trade balance.

The most valuable coal produced in this country is found along the western side of the Appalachian chain of mountains and this fact in a large degree has produced the concentration of industries adjacent to the Atlantic seaboard or along the interior waterways. All grades of coal are found in this region but there is a high percentage of fuels particularly suited for industry.

Coal is found all the way to the Pacific coast, but is of a relatively inferior quality but is eminently suited for the areas served where it is used for steam and domestic purposes. The most important use of coal in industry is for the manufacture of steel, as no suitable substitute on an adequate scale at reasonable cost is available.

Ever since the world war the coal industry has been more or less in a state of demoralization brought about by the abnormal demand during the war period. As a result of this condition which the industry seemed unable to correct our National Government undertook to solve the problem with the result that the Bituminous Coal Act was passed which became effective October 1st of this year. The trial period may be a potent factor in determining whether or not it is to continue as the law of the land. To defray the expenses of administration and assure compliance with the law, an excise tax of 1c per ton is assessed on all production by those accepting the code, and a tax of 19½% of the selling price will be assessed on those failing to do so.

Some of Difficulties Faced

There are certain practical features involved in operating under a rigid system of price control, such as balancing the sizes of coal with the orders. Everyone knows that it is very difficult to balance orders and production and avoid holding coal in railroad cars. The restrictions on holding "no-bill" cars at mines makes it imperative that coal move out in an orderly manner. Buyers of coal must be made to understand that it may not be possible to fill orders for certain grades or kinds of coal on the minute, for the reason that the tracks may be filled with other grades.

A mine must shut down when its allotted number of cars are standing under load or pay enormous sums in "demurrage" charges. Good stock piles in the hands of consumers is the best insurance they can have. Beginning on the effective date a marked drop in production occurred largely because stocking of coal had been a large item prior to that date in anticipation of a rise in prices. This condition will soon pass and once again normal operations will obtain. One complaint we hear is the accumulation of slack in large quantities. In general the fines are used by large consumers having stocking facilities. In many districts this is the season when the larger sizes are moving for domestic use and with a limited market for the small sizes which must be stored on the ground.

Heretofore, when the tracks were filled up with cars loaded with slack, such coal was dumped on the market at any price it would bring. Under the existing law the minimum price of slack is definitely fixed at a level that means a reasonable proportion of the cost of production must be realized for fine sizes. Too much is produced at certain seasons and not enough at other times but over the year balances up fairly well. This is a problem the industry must solve.

Some May Make Money

An enormous amount of work was involved in working out the details of this law so as to apply it fairly to all concerned. In general the situation looks better already than it seemed possible prior to the effective date but certain factors have developed in cases that could not or were not anticipated and some of these will naturally come up for adjustment. It will take some little time to get all problems settled but apparently the irregularities will be worked out as they appear. We now have a definite course for the industry and while it is dangerous to make predictions in this rapidly changing world, the general impression received is that companies producing the better grades and are properly financed and equipped will really earn money. Concerns having a low grade of coal will be at a disadvantage as well as those poorly equipped or financed. With a fixed minimum selling price for coal and a fairly well defined market it is now possible to properly evaluate a given property and this should have the effect of making possible proper financing of such properties as can meet the requirements.

Consumers will now know exactly the character of fuel they are buying and the minimum price they must pay. This probably means that many mining companies im-

properly equipped or mining an inferior product will pass from the picture and those that really deserve a place in the industry will earn a reasonable profit on this commodity.

More Power Per Pound

From the time coal was first mined until sometime after the turn of the century the increasing rate of demand was fairly uniform. In recent years several things have occurred to retard the upward trend of production; the increasing use of fuel oil, natural gas, the extended development of water power and the introduction of internal combustion engines; but the engineers were the real offenders. Only a few years ago a steam driven electric plant that would produce a horse power hour from 4 or 5 pounds of coal was looked upon with pride. Today, if this amount of energy could not be produced with less than one pound of coal, the plant would be considered obsolete.

It is a fact, however, that a waning consumption is not taking place insofar as metallurgical coal is concerned, in fact, the demand is rising because of the increase in steel manufacture. In general, most of the coal of this class is owned, mined and used by the manufacturing concerns. In times of maximum demand, a certain percentage of coking coal is bought from commercial mines. Some coke is still made in beehive ovens and sold largely for foundry and furnace use when the demand is high. At times, good steam coal that is near the border line may be coked for furnace use and in an adverse market condition coking coal may be sold for steam purposes. In this connection, it may be well to state that some lower grades of coal can be used for metallurgical purposes, but at a somewhat higher cost, as in the case of high sulphur coke, which can be used by increased slagging means more coke per ton of iron produced. Adequate preparation is already being resorted to at many mines and this process is gradually being applied to all metallurgical, steam and domestic coal, thereby saving freight on material that has no heat value.

Several Things Retard the Upward Production



Freight rates on coal have always been a factor in its distribution and is a big item with respect to the earnings of railroads serving the various fields. Water transportation is resorted to where available, and this feature has had the effect of increasing industry and population that may be somewhat removed from the coal fields.

Better Modern Methods

Mechanization appears to be nearer the solution of the problems confronting the coal industry today than any other factor. This implies streamline production wherein skilled or semi-skilled labor is used on a day basis following the lead of the automobile and other industries. It is a far cry from the former system using unskilled labor on a tonnage basis. The older system implied a daily output of 6 or 8 tons per man employed underground, while the newer method has increased this to 25 or 40 tons. The end of improvement is not yet in sight but does seem to be working in the interest of real progress in this important industry. The problem of organization has been rather difficult but this is gradually being solved. This method of mining, together with the demand for cleaner coal, involves preparation plants of such design as the particular kind of coal being mined requires.

While what has been said refers particularly to the Bituminous industry, it applies equally well to the production problems of Anthracite. Hard coal is looked upon as being a desirable class of fuel for heating but is rather expensive because of the difficulties of mining. It has a very limited application in industry and its use is confined largely to domestic use. As a result oil has become a very strong competitor in its best markets which have been along or near the Atlantic seaboard where ocean shipments of oil from the South are highly competitive. In certain districts, coke made from Bituminous coal has developed as a competitor. Natural gas has to a certain extent crept into the fields this region serves. The shipments of Anthracite to Canada have steadily declined and England now supplies a considerable portion of the market in that country. The Anthracite mines are being mechanized very rapidly and no doubt will soon be in a position to regain some of the markets that have been lost due to high costs.

The export market will naturally come in for some improvement due to the war situation. Shipments are increasing to Canada, South American and certain other countries that have been cut off from European shipments. This applies both to Anthracite and Bituminous. It will be extremely difficult to hold the South American market when the war is over, as Europe will naturally resort to barter transactions for food.

The sales problem will come in for its share of overhauling and engineering knowledge is fast being extended to this angle and no longer will competition fuels be in the ascendancy but will be limited to the fields they are best fitted to serve advantageously.

Cash Discount — A Seller's Advantage?

Is it not a "Kick-Back" on Standard Prices?

By George E. Rilling, Assistant Credit Manager, E. R. Squibb & Sons, Brooklyn, N. Y.

Cash discount has been the subject of considerable discussion of late, although most of the attention has been focused on the mathematical aspect and on the question of "terms chiselers." Creditors contend that the cost of granting 2% cash discount in ten days on regular thirty day terms is 36% per annum, and in cases where terms are not rigidly enforced, as much as 48%. While this contention is mathematically correct, it is one of those statistical abstractions which do not take into consideration the true nature of the subject. The evil of the cash discount, so widely declaimed by creditors, is more of a problem to the purchaser than to the seller of merchandise. So let's consider some of the practical aspects!

The cash discount came into extensive use as a business practice in the Civil War reconstruction period because banking facilities were limited at that time, and creditors were obliged to assist in the financing of business expansion. Markets were widening and terms of sale of six months or more were common, with the result that bad debt losses were greater. To cut down those losses and to get ready cash for their own expansion, merchants offered substantial discounts for early payment. These discounts ran as high as 8% and even more, thus making creditors anxious to obtain cash in order to take advantage of discounts available to them on their own purchases. In brief, cash was at a premium in the latter half of the 19th century.

Penalty or Advantage?

But financing gradually became easier through improved banking facilities, and, with the load shifted from creditors to banks, terms became shorter and discounts smaller. Bad debt losses were lessened because of improved credit conditions, and the necessity of offering large discounts to obtain cash payments on time ceased to exist. Instead of the cash discount being a premium offered by the seller for prompt remittance of monies due, it came to represent a penalty to those buyers who failed to take advantage of it.

Today, the merchant who sells merchandise on terms of 2% 10 days Net 30 days has actually two selling prices. To the customer who pays in ten days the price is \$98 in



cash on a nominally \$100 article while to the customer who pays net, or later, the price is \$100 in cash. The \$2 differential represents a financing charge which the slow payer must bear to reimburse the seller for the added expense of carrying the account beyond the discount date. Those who are unwilling or unable to take advantage of the cash price by paying in accordance with the discount terms must pay the higher or credit price. It is only fair and reasonable that the collection cost and the additional bookkeeping expense involved in the handling of delinquent accounts be borne by those who are responsible for these extra costs. Because the prompt payers by reason of their financial position

enable a creditor to effect these economies in the operation of his business, they are entitled to benefit by paying the more economical price; that is, the cash price as against the credit price.

As a Portion of Billing Price

By granting a cash discount the seller is reducing his gross sales figure for a particular accounting period by "kicking back" a portion of the billing price to those purchasers who do not require financing. The selling price is computed on a basis which takes a cash discount into consideration by treating it as overhead. When a customer discounts, the seller receives what he expects, while when a customer does not take advantage of the discount, the seller is reimbursed for the extra cost involved in carrying the account. Theoretically, this cost is offset by the amount of discount which the seller does not allow to the slow payer. It is difficult to set an exact percentage as representing the additional bookkeeping and collection expense which is entailed in handling slow accounts because the cost varies in each individual case. Some accounts cost more than the 2% discount allowance, for example, while on other accounts the cost is less. As a practical matter, however, a seller, by proper analysis of his accounts receivable and overhead, can obtain a pretty good idea as to when an account becomes unprofitable to sell. A fixed cash discount rate is therefore established, usually in conformity with the trade practice, and a flexible credit policy is adopted which provides for a

selection of risks so that the extra carrying or financing cost does not exceed the potential cash discount allowance.

This conception of the cash discount as a "kick back" for prompt payment and as a charge for slow payment carries with it a different accounting treatment of discount than has heretofore been customary. On the assumption that cash discount represents a sales stimulant, accounts have classified the allowance as a selling expense along with freight out and salesmen's commissions. But the true nature of cash discount indicates that it should be considered as a reduction in gross sales along with rebates, allowances, adjustments, and returned goods.

Trade or Cash Discount?

L. H. Montgomery in his "Auditing Theory and Practice" states that a distinction must be made between trade and cash discounts and that the test of a trade discount is the rate. He goes on to say that a 7% discount is obviously not a cash discount because "no business house would pay that rate of money." Therefore, "as a general rule any discount in excess of the terms just mentioned (2% 10 days, net 30 days) may be treated as a trade discount." But what about cash discount terms of 3% or 4% or 5%? And when a purchaser fails to deduct 3% cash discount isn't he paying a premium for financing in the same manner as a purchaser whose terms of purchase are 2%? This arbitrary cleavage in treatment of discount rates points to a weakness in the accounting technique and serves to emphasize the true nature of cash discount. As a matter of fact, many concerns are now listing cash discounts in their profit and loss statements as a deduction from sales rather than a selling expense.

It is customary for the purchaser to treat discount earned as "other income" on his profit and loss statement, although one school of thought contends that, when discounts are taken regularly, invoices should be booked at net prices and entered into the cost records at the cash purchase price. Since the ability to earn discounts depends upon and varies directly with financial condition, it would therefore seem more advisable to book invoices at actual billing prices in order to insure consistency in cost computations.

Three Views of Discounts

If a business is in a sufficiently liquid cash position and can take advantage of cash discounts, the money so gained is essentially a non-operating income because it derives from the financial aspect of the business rather than from a trading or operating source.

In conclusion, then the following recommendations appear to be in order:

1. That cash discount be considered a seller's charge for financing accounts which require additional time beyond the discount date.

2. That accounting technique take cognizance of the true nature of cash discount by treating it as a deduction from gross sales instead of a selling expense.

3. That any arguments for either the retention or elimination of cash discount as a business practice be based on a thorough understanding of the nature of the cash discount and not on a series of mathematical gyrations.

It is the writer's belief that these suggestions will be of value in clarifying further discussion of cash discount.

Credit Terms, Whether on a Discount or Net Basis, Should Be Properly Sold



This Firm Has a Credit Committee

Four Officials Pass on Larger Credit Orders

By L. S. Adams, Treasurer, Supplee-Biddle Hardware Co., Philadelphia, Pa.

OF There was a time when the sales manager's opinion of the credit manager was unprintable. Fortunately, that time is passing. Progressive modern houses stress cooperation between sales and credit department. In our business the credit department is closely tied in with our selling activities. The two departments work together with the single idea of creating profitable business.

In a territory that extends from Massachusetts to Virginia, our one hundred salesmen are constantly calling on accounts that include hardware, sporting goods, housewares, auto accessory and department stores. They are soliciting business for the thousands of items we stock. Their accounts want fast service. We want sound credit risks. Our system has been developed to meet these requirements. This means a certain amount of routine. For, as some one has said, routine is like a habit—you don't have to think every time you act.

On sending us the first order from a new account, every salesman attaches thereto the New Account Report shown herewith. This includes the customary information—corporate or trade name, bank and trade references, etc., and any comments which our salesman thinks pertinent.

Information From Salesmen

Sherlock Holmes preached the gospel of detailed observation. We don't expect our salesmen to go to the lengths of the all-seeing Mr. Holmes, but we do urge them to notice details of store arrangement, window display and other factors which might have a bearing on the enterprise of the customer. Our representative will ordinarily know a new customer's largest creditors without asking. He notices which manufacturer is best represented by the stock on the shelves.

When the order and the report reach our office, the order and attached forms go to the Credit Clerk who fills in the customer's name, gives the account a file number, looks up ratings, records the type of business and starts a Credit Folder with the assigned number.

If the account has a satisfactory rating and the order is for a nominal amount, the Credit Clerk then passes on it and the order is filled.

If the rating is poor, or the customer is not rated, we send for a special report. At the same time we investigate his trade references, using a double postcard for this purpose. We have found that a postcard saves time for us and for the addressee. It makes answering easy. Com-

plete privacy is assured because only a number is shown on our return card. This identifying file number tells the girl which account is concerned.

Send Notice of Delay

When, for any reason, a customer's first order is not passed at once, we immediately send the account a polite form letter explaining that there will be a slight delay until his credit is checked. We consider this an important part of our routine.

Time is the essence of our business. Nine tenths of our customers want their merchandise shipped yesterday. We ship orders the day they are received. To facilitate speedy handling, we have a "dawn patrol" which opens and inspects incoming orders long before our Credit Men reach the office. In order that accounts which are O.K. can be passed by the order department early in the morning, we maintain a visible file of all our good accounts for easy reference.

Probably these steps in our routine do not differ greatly from the systems of other houses in our line. But, as every credit executive knows, the important part of credit work is not routine. If it were, a capable clerk with a book of rules could meet the needs of any business.

The passing of credit involves more than a formula. It requires more than accounting knowledge. It necessitates the weighing of various facts and making a decision. When small amounts are involved, this may not be particularly hazardous. But when more than \$1,000 is concerned the credit executive has a serious responsibility.

How Credit Committee Functions

As we all know, there are times when it is difficult to make a decision, even with all necessary facts at hand. One set of facts seem to oppose another set so that the governing factor must be judgment. To meet this situation, we have developed what we believe to be an exclusive feature, namely our Credit Committee, which functions whenever \$1,000 or more credit is requested. This Committee is composed of our three Credit Managers, the Treasurer and the Secretary of our company.

After the information folder has been completed on such an account, it is passed around to each member of the Committee accompanied by a form on which he is to record his opinion. These opinions are retained and made a permanent record in our credit file. It very rarely happens that the Committee does not agree. If, however, this should be the case, the matter is referred to our Presi-

dent for final decision.

This system protects the individual credit man from blame in case of a large loss. All five members of the Committee saw all facts. All decided to O.K. and pass the account. If, under such circumstances, the risks proved ill advised, we can feel that there was no evidence to warrant foreknowledge of this fact.

This system has helped prevent any large credit losses through eliminating the human element from the granting of credit. I'm sure we all agree that credit executives are human beings. As such, they are subject to the same sentimental attachments as all of us.

Avoids Personal Influence

It is not inconceivable that the merchant who is one's neighbor—or with whom one plays bridge or golf—is judged less critically than a complete stranger. We cannot help liking our friends and expecting the best of them. Practically every one will stretch a point in favor of a friend. Even when this is not consciously done, there is an unconscious bias towards a friend. The Credit Committee eliminates all chance for this. For it would be extraordinary if the entire Committee had the same personal bias towards any one account.

I need hardly point out that the delay occasioned by this procedure is insignificant. Credit information folders receive immediate attention from the Committee members and are returned to the Credit Manager concerned the same day.

To return to our procedure with the questionable new account. When all the trade references, interchange ex-

perience and information from industry group members of the National Association are received, these are placed in a folder on the Credit Manager's desk.

If the facts warrant it, the order is then passed and a letter goes to the customer telling him the account is open, giving him our terms and mentioning the line of merchandise we handle.

A list of all new accounts opened goes to the office of our President every day. Automatically, three days later, a personally typed letter on the President's own private stationery goes to each new account. The President's secretary is responsible for maintaining this schedule and seeing that no accounts are overlooked.

In this way, we create good will at the beginning of our relations with each new customer. The customer feels that if we value his business enough for the President of the company to write him a personal letter, we should be a house that gives good service. Our representatives receive much pleasant comment about this letter of greeting. Almost everyone appreciates this personal touch in business relations.

As soon as a new account is opened, our Addressograph department makes out a name plate which is stamped on the Ledger Card, Statement Card and Sales Statistical Card. The latter goes to our Statistical Department. When the account reaches our Bookkeeping department, the ledger card and Statement are already in the tray for use in our Burroughs bookkeeping machines. The details of our bookkeeping routine do not differ greatly from any standard methods. As far as possible, our work is mechanized for greater speed and accuracy.

Statements are mailed each month. Apart from their usual functions as reminders, our statements are vehicles for an advertising message. Every month a new piece of promotion appears on the reverse of our statement, similar to the one illustrated. We also enclose some sort of advertising with every statement mailed.

Statements to Salesmen

Copies of all statements go to the credit department. These are sorted every night. Copies of current statements are mailed to the salesmen covering the accounts. Duplicates of delinquent accounts are aged and received an appropriate letter. These copies are then sent to the salesmen. Thus our salesmen always know the exact status of the accounts they handle.

A copy of all individually written collection letters is sent to the salesman. He is notified before legal action is taken against any account. Because he is in constant contact with the customer, the salesman often renders us invaluable aid in collecting from delinquents. Since it affects his earnings, the salesman has a direct, personal interest in getting his accounts to pay their bills.

By working with our salesmen and keeping them thoroughly informed about everything we do, we have a splendid spirit of co-operation. We have completely eliminated the old fashioned salesman's impression that the credit department mistreats good customers.

For our first and second collection letters we use forms. We continually vary the approach of these letters. We sometimes use stunt letters. We will try anything that seems as though it might work.

If this is a first order, write
NEW in upper left hand corner
of the order.

Supplee-Biddie Hardware Co. PHILADELPHIA, PA. SALESMAN'S REPORT ON NEW ACCOUNT

Please this form to the
order, don't mail
separately.

Customer (give full name) _____

Trade Name _____

Street Address _____

City _____ State _____

Individual _____ Partnership _____ Corporation _____

PARTNERS' NAMES (in full)

How long in business _____ Line of business _____

Succeeded whom _____

If newly established, state previous connection _____

Bank with _____

TRADE REFERENCES (Give names and addresses)

Estimate of Stock _____ Fixtures _____

Proprietor's Age _____ Appearance of Store _____

Comments _____

Date _____ Salesman _____ FORM No. 284

Credit Methods of Industrial Banks

Report of Study Made by Natl. Bureau of Economic Research

Although industrial banking companies have faced increasing competition in recent years, this type of enterprise continues to reveal itself as a business with a remarkable earning capacity, says Professor Raymond J. Saulnier, of Columbia University, in a report he has just completed for the National Bureau of Economic Research. This is true despite the fact that their returns fell to depression lows in the early 'thirties.

"In the period 1922-1938," says Professor Saulnier, "the net earnings of Morris Plan banking companies averaged about 10 per cent of total equity account. From an average of nearly 12 per cent in the years 1922-1929 they fell to 3 per cent in 1933, but thereafter recovered fairly rapidly, and by 1937 had reached nearly 14 per cent, a level never before attained by Morris Plan institutions.

"It is true, however, that these data pertain to a changing group of companies and are thus subject to some criticism. Therefore, it is worth noting that figures on 86 identical Morris Plan banks and companies corroborate the evidence here presented that net earnings have in recent years represented a higher proportion of equity funds than they did before the depression. For the 86 companies this figure was 13 per cent in 1938, as compared with 11.5 per cent in 1929."

Professor Saulnier's report is one of a series of studies on consumer instalment credit being published by the National Bureau and was prepared under the general direction of Professor Ralph A. Young, of the National Bureau and the University of Pennsylvania. It is being issued under the title *Industrial Banking Companies and Their Credit Practices*.

The companies whose operations are described and analyzed in this report are differentiated from other lending agencies in that they combine two characteristics: First, they extend consumer loans which are repayable on an instalment basis. Second, they operate as savings or thrift institutions, obtaining at least part of their funds from the acceptance of deposits or, more commonly, the sale of investment certificates. They are known as "industrial" banking companies because, when they first appeared in this country, beginning in 1910, they were set up to serve primarily industrial workers.

Companies Broaden Services

Under the policies adopted during their earlier years, these companies offered a narrow range of services, both as lenders and as thrift institutions. As lenders they dealt almost exclusively in co-maker loans. As receivers of savings they depended primarily upon the sale of investment certificates, since they were forbidden by law in most states to receive time deposits on which they could pay interest.

The stress of competition in the money markets, says Professor Saulnier, has brought about a great change in the policies and problems of these companies during the last four or five years. On the one hand, seeking profitable outlets for their funds, they have changed their lending services, so as to achieve a substantial degree of diversification. On the other hand, their very diversification has greatly increased the numbers and types of lending institutions with which they come into competition. Their earnings record is considered all the more remarkable in the light of these circumstances.

Diversification of their lending services has taken a number of forms. Although comaker loans are still extremely important in the business, nearly all firms now make many single-name loans and loans on collateral security. Many of them have also developed a substantial proportion of business in the financing of retail instalment sales, especially of automobiles, operating either through dealers or by direct contact with individual buyers. Some companies have begun to make a substantial volume of commercial loans.

Industrial banking companies have also branched out considerably in their non-lending services. Although they are still prohibited in many states from accepting savings deposits, an increasing number of states grant them the privilege of accepting time deposits. The acceptance of deposits and various kinds of sales of investment certificates permit a more effective performance of their thrift function. Also, special plans designed to facilitate savings for Christmas or for vacations, are increasingly common. Some companies have found it possible to introduce checking facilities for their customers and to provide safe deposit accommodations.

Area of Competition Widens

Diversification of their activities has brought them into competition as lenders or as recipients of savings with personal finance or small loan companies, sales finance companies, credit unions, savings banks and commercial banks. Particularly important of late has been their competition with commercial banks, which have entered the small-loan field in increasing numbers.

While Professor Saulnier could not get very satisfactory data on the charges made by these companies, he was able to conclude that these charges, often lower than the legal maximum, are about the same as those of the personal loan departments of commercial banks and of sales finance companies.

"Loan costs are customarily quoted as a rate of discount plus a charge for credit investigation," he says, "and the discount rate usually varies according to the size of the loan and often according to the type of security. These variations, in addition to those dependent on com-

pany practice and local conditions, make it very difficult to generalize about typical charges.

"Rates may be as low as $3\frac{1}{3}$ per cent discount, plus a credit investigation charge of 50 cents per \$100, or as high as 6 or 8 per cent discount plus charges. On loans repayable in equal monthly instalments over a 12-month period, the effective rate of interest on average unpaid balances may be calculated as approximately double the rate at which the loan is discounted."

410 Companies in Operation

The importance of these companies in the consumer credit field is indicated by Professor Saulnier's estimate that there were 410 in operation at the close of 1938. He also estimates that they extended loans aggregating between \$370,000,000 and \$425,000,000 during that year and that their services were used by approximately 1,500,000 persons.

"The greater liberality of the laws governing them," he says, "enables industrial banking companies to make larger loans than personal finance companies. Their market, however, is limited mainly to persons with annual incomes of \$3,000 or less, and thus few of them make many very large loans.

"Reports by members of the American Industrial Bankers Association show average loan sizes ranging mainly from \$175 to \$210. Data on 10 relatively large Morris Plan banks and companies show that the average size of loan fell from \$271 in 1929 to \$228 in 1933, rose to \$317 in 1937 and fell again to \$288 in 1938.

"Cash loans made by industrial banking companies may run for as short a period as 3 months, but usually they are for 12 or 15 months. On sales financing business maturities are similar to those offered by other agencies, contracts ranging from 12 to 18 months for most goods, longer for more expensive commodities."

Losses Are Small

"Losses incurred on loans are consistently low when expressed as a percentage of total credit extended," Professor Saulnier continues, "but they represent an important part of the total expenses of operating an office. During the period 1929-1938 the net charge-offs of 10 relatively large Morris Plan banks and companies were consistently less than 1 per cent of total loan volume, being highest in 1933, lowest in 1935. During the same period year-end outstandings on delinquent loans ranged from 4.4 per cent of total loans outstanding at the end of 1932 to 1.2 per cent at the end of 1937.

"For the entire group of industrial banking companies with deposits insured by the FDIC, net charge-offs, in per cent of the year-end outstandings, fell from 1.3 in 1934 to 0.1 in 1936, rising somewhat in 1937 and 1938. On assets other than loans, however, their net losses rose from 1.9 per cent of security holdings at the end of 1934 to 5.5 in 1937, and fell considerably in 1938. On the whole these insured industrial banking companies had lower net losses on loans than did comparable commercial banks. On assets other than loans there was no consistent relation in the years 1934-1938 between the two types of institution."

Besides the aspects of these companies' operations already discussed, Professor Saulnier's report makes a

detailed analysis of the kinds of borrowers served, the methods used to obtain business, the sources and uses of their funds, and of the risk involved in loans to different types of borrowers.

The Place of the Branch House In Its Community

CF The problem of the branch house and the chain store was intelligently analyzed by Carl C. Conway, Chairman of the Board of the Continental Can Company, in an informal luncheon talk to Kansas City businessmen, as reported in the Kansas City Star of November 1. That it is a problem, Mr. Conway recognized. He assumed that there was a sufficient economic reason for the branch house and the chain store. Otherwise they could not exist. The questions he sought to answer were why there should be the widespread prejudice that he has found against them and how it could be corrected.

What he had to say was of importance, not only to the head offices of the companies, but also to the communities they serve.

Mr. Conway's answer was that many companies had not yet come to a proper realization of their local obligations. They looked at their operations too exclusively from a cold business standpoint. If they were furnishing better or cheaper service through the branch house or chain store, they felt they were doing their full duty to the local communities.

In this belief the Continental Can executive thought they were mistaken. The branch was not doing its full duty unless it identified itself with the community's interests. Its local manager ought to consider himself a local businessman, ready to do his share for the town along with other businessmen. He ought not to think of himself as merely a transient guest in a boarding house.

Naturally the proper attitude toward the community cannot be maintained by a branch manager without full and sympathetic cooperation from the home office. If he is shifted from one city to another every year or two he does not have time enough to get acquainted so as to know how to fit into the activities of any community. If the branch house is not allowed to make the contributions to local charities or to other local public funds in proportion to the business the house is doing, it will attract antagonisms that will be harmful.

In other words the indifference toward local community interests that often is felt at headquarters and is manifested throughout the system creates local hostilities that are reflected in attempts at hostile legislation in the states and in the nation. This legislation may be economically unsound. But it is bound to make headway unless fundamental attitudes are changed and local responsibilities are recognized. People are humanly resentful of institutions that fail to do their part.

The common sense of Mr. Conway's diagnosis is evident. It is the sort of enlightened view that fortunately is becoming increasingly prevalent among the men who are responsible for the nation's industries. Through experience they are learning that industrial statesmanship must

go along with business ability if the economic structure of the country is to be maintained.

Credit Men to Help Survey Insurance Needs

DETROIT: The need for co-operation of credit men with insurance agents was stressed in a meeting at the Statler Hotel Nov. 7th.

At a joint session of the Detroit Association of Credit men and of the Detroit Association of Insurance Agents, arranged by L. E. Phelan of the Credit men, and Elmer Salzman for the Agents, credit men agreed to take the initiative in recommending more complete insurance coverage.

R. D. Andrew, President of the Credit Association presided.

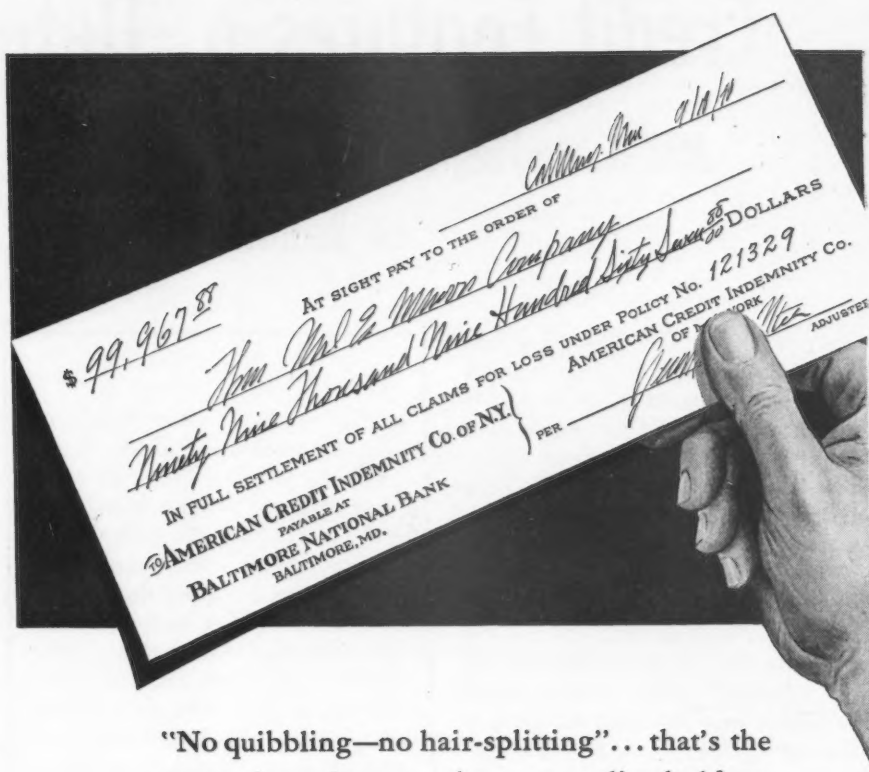
The insurance men were represented by A. W. Roehm, President of D. F. Broderick Inc., Henry Peacock of Kelly, Halla, Peacock, Inc., C. L. Nevens of General Underwriters, and Alexander Olsen of Johnson & Higgins.

The suggestion for this joint action came from the Credit men, who have formed an advisory committee for the purpose under the leadership of E. R. Moran of Chicago. Surveys of insurance needs during the intense activity of defense preparation, will be made of business establishments.

Mr. Moran addressed the group as follows: "Business men are not aware of all their insurance needs. Losses from fire totaled 313 million dollars in 1939. Credit losses probably exceeded one billion dollars, and insurable credit losses at least equalled fire losses. Credit men and Treasurers of companies everywhere are beginning to realize that an educational program is necessary to help business protect itself against prolonged shut-downs or failure through insurance."

"Forty-three per cent of those whose place of business is destroyed by fire, never start in business again. Fifty-seven per cent of those who do start again fail because their credit has been impaired as a direct or indirect result of the fire. Many other hazards besides fire can bring about an equally unfortunate result. Losses from wind storm, strikes, death of key men, long shut downs due to inability to get materials or machinery, and many other factors can have the same effect."

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"No quibbling—no hair-splitting"... that's the reputation given us by our policy-holders. Recently a leading manufacturer* found this true when we reimbursed them \$99,967.88.

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with fact-finding, cost-figuring executives. They know it serves as a powerful safeguard against conditions which may upset their credit picture without warning. It throws up a bulwark of defense for profits at a cost of only a fraction of a cent per dollar of sales.



"Business Stability and Profits" is our new booklet, explaining how American Credit Insurance solves the credit risk problem. We will gladly send you a copy. Address Dept. C.

*Name withheld upon request, but it can be verified.

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Credit Features of Defense Orders

NACM Washington Bureau Presents Some Points to Check on Rearmament Orders

Preference Ratings: There is a great deal of misunderstanding among business men with regard to the matter of preference ratings and the whole question of priorities of defense orders which is being studied by the Defense Advisory Commission. Some of the reports concerning this matter which have been published in the press have not clarified the situation so far as the business man is concerned. When the word "priorities" is mentioned the average individual thinks of some company which may be required to stop producing refrigerators, radios or other consumers articles and concentrate entirely on defense production. That would be the last stage of the enforcement of priorities and such drastic means would hardly be taken except in the case of an acute emergency.

The preference ratings, about which there is also a great deal of misunderstanding, were adopted by the Army and Navy Munitions Board at the request of the Defense Advisory Commission. They are designed to indicate the order in which the Army and Navy requires contracts to be executed by industry. So far as may be considered necessary, each defense contract placed with private industry, or each order assigned to arsenals or Navy Yards will bear a preference classification determined and assigned under the direction of the Army and Navy Munitions Board.

Under the supervision of the government contracting officer or purchasing officer, or his agent, a prime contractor is authorized to extend the preference rating of the contracts to his subcontractors to include materials, services, production machinery or equipment required for completion of the contract.

The preference ratings presumably do not mean that a firm which re-

Editor's Note:

Mr. C. F. Baldwin, Washington Representative of the Association, is carefully following developments in connection with the defense program which have a bearing on credit conditions and supplying a great deal of information of that kind to members of the Association. Mr. Baldwin has been asked to contribute, each month, to CREDIT AND FINANCIAL MANAGEMENT, several items concerning defense program developments during the month which are likely to be of most interest to our members. The first items of that kind are published on this page.

ceives an order for materials bearing a preference rating is under compulsion to accept that order, if, for example, past experience with the firm placing the order suggests that the credit risk involved is excessive, nor do they mean that a manufacturer receiving an order for defense materials bearing a preference rating must drop all other production and concentrate on the defense order. The prime factor in the situation is the delivery date and as long as the delivery dates are met, the details of adjustment will be left primarily to industry itself. Preference ratings do indicate the relative importance of one defense order as against other orders.

The whole problem of priorities has been placed in the hands of a special Priorities Board, headed by Mr. Knudson and comprising Messrs. Stettinius and Henderson of the Defense Advisory Commission. This board has been granted powers by a Presidential executive order and is now engaged in

making a thorough study of the entire question of priorities. Motivating this consideration will undoubtedly be a desire to avoid any action which would disrupt industry and business conditions and, at the same time, develop a policy which would insure maximum speed of the defense program.

Assignments of Contracts: Since the enactment by Congress of the law permitting the assignment of claims under defense contracts many Association members have asked the Association's Washington office whether any standard forms have been drawn up by which these assignments will be made. No such forms have been prepared by the government and presumably none will be prepared. At the present time it is understood that no standard forms or policy in connection with this matter have been developed by organizations representing financial institutions which will take these assignments. The position of the government in the matter appears to be that the form of assignment and the details concerning the assignment will have to be left to the judgment of the individual financial institutions which become assignees. Undoubtedly, however, some definite policies will have to be reached between the government and financial interests in connection with a number of important matters which will have a bearing on this question of assignments, including such questions as progress payments and other matters which may influence the willingness or ability of financing institutions to take the assignments.

Better Defense Publicity for Business Men: It has been obvious for some time that the publicity released by the Defense Advisory Commission is not always prepared for the information of business men nor has it succeeded in answering many practical questions

which have arisen in the minds of business men concerning many aspects of the defense program.

This situation emphasized the fact that publicity designed for the daily press and for the consumption of the general public is often of little practical value to business men while defense publicity which would be of value to business men may have comparatively little public news value. It is understood, however, that this situation is now appreciated by the Defense Advisory Commission and that steps are being considered to prepare and disseminate more publicity concerning the defense program which will be of practical value to the business men who, as contractors or material suppliers, must have complete information concerning these developments. It is not yet known what plan will be followed to reach that objective but some definite steps in that direction may be expected in the near future.

Activities of Defense Plant Corporation and R. F. C.

Inquiries from member companies have indicated some uncertainty concerning the functions of the Defense Plant Corporation, a subsidiary of the Reconstruction Finance Corporation, and about the procedure adopted in connection with orders placed under the program of that new defense agency of the government.

The Defense Plant Corporation, financed by capital provided by the Reconstruction Finance Corporation, was established to facilitate the construction of certain types of plant facilities required for defense purposes which could best be provided through direct and prompt financial assistance by the federal government. To carry out its program the Defense Plant Corporation enters into leases with companies which agree to construct and operate these new defense plant facilities.

At each project under the supervision of the Defense Plant Corporation, the Corporation maintains a field engineer who works closely with the management of the lessee company. Construction contracts are let by the lessee company with the approval of the engineer and funds are advanced by Defense Plant Corporation upon requisition.

With respect to the acquisition of machinery to be placed in the plant, the lessee prepares a special schedule of orders and presents that schedule to the engineer of the Defense Plant Corporation. When the engineer approves the schedule of orders, the orders are then drawn and submitted to companies in a position to supply the machinery needed. When the invoices are received from the vendor companies they are certified by the lessee and given to the government field engineer who approves them and sends them by messenger to the local Federal Reserve

Bank if in the same town, otherwise by mail, which remits a check direct to the vendor companies.

Members have asked about the extent of responsibility of the government for the prompt payment of these orders. The above procedure has been developed to enable the placing of orders and the payment of the orders placed to be handled at maximum speed. It avoids the necessity of submitting vouchers to Washington and having them passed through the customary procedure of government disbursement. (Cont'd on P. 44)

Timely Warning



Drive carefully *always* — and with the protection of good automobile liability insurance. For in spite of precautions, accidents do occur. And when they do . . . you will appreciate the value of adequate insurance against bodily injury and property damage claims.

A Standard automobile policy provides sound protection against the consequences of motoring mishaps. Broader coverage, selective ratings, the Safe Driver Reward, are new features bringing greater security at surprisingly low cost. When accidents occur, competent representatives throughout North America are ready to help Standard policyholders.

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What is Your Credit "I. Q."?

How Many of These Questions Could You Answer Correctly?

Q. At the meeting of the Hardware Manufacturers' Group at the Toronto convention an "I.Q." quiz was conducted between two teams, the "A's" and the "B's." Readers may be interested in testing their own "I.Q." Here are some of the questions asked and the answers which were considered to be correct.

Q. What is Credit?

A. Credit is the power to obtain goods, money, or service by giving a promise to pay the equivalent (money or goods) on demand or at a specified time in the future.

Q. What is the difference between cash discounts and trade discounts?

A. Trade discounts are intended to definitely reduce the price and are generally included in costs. Cash discounts are a special reward or extra allowance

for payment in advance of the regular maturity of any bill. Cash discounts generally are not included as an item of cost.

Q. Does the taking of a trade acceptance guarantee the payment of accounts when due?

A. No, it merely fixes a definite date and place for payment.

Q. "Revolving Credit" is a term applied to what?

A. Credit which again becomes available to the same amount, when an earlier obligation is liquidated.

Q. Within one hundred (100) give us the number of convictions that have been obtained as a result of the investigative work of the National Association's Fraud Prevention Department.

A. 1,661.

Q. The Federal Deposit Insurance

Corporation insures individual bank deposits up to what amount?

A. \$5,000.

Q. What are the 4 C's of credit?

A. Character, Capacity, Capital, Coverage.

Q. What principle should be followed in disposing of requests from the trade for re-dating of shipments after the 25th of the month to the first of the following month?

A. To avoid the overextension of the Cash Discount period beyond the normal discount period. Thus, if terms are 2-10 E.O.M., to date any bill after the 25th of the month as of the 1st of the following month the normal discount period would be extended 30 additional days.

Q. What is the basis for Credit and upon what does it rest?

A. The confidence that can be reposed in the ability and willingness of men and commercial institutions to meet future obligations.

Q. Name 3 forms of Insurance coverage which protect creditors.

A. 1. Fire insurance on Buildings and contents.

2. Employer's Liability.

3. Public Liability.

4. Use and Occupancy.

5. Fidelity Bonds.

Q. Is it a libel to dun by telegram?

A. No, but care should be exercised in framing such a telegram to avoid threats of bankruptcy or criminal prosecution.

Q. What is the basis for Credit at a Bank?

A. 1. A good business reputation and credit standing.

2. A sound purpose for which the loan is to be used other than a fixed investment in a business.

3. A reasonably short term for repayment of commercial loans.

4. Reasonable proof of dependable means for repaying the loan when due or a definite schedule for repayment.

5. Adequate security in the case of collateral or real estate loans.

Q. In balance sheet analysis the "acid test" involves a comparison of what—with what?

When YOU NEED MONEY—Look First to Your

Very likely there's your "best bet." If your present need for money is to increase inventory, you can probably accomplish it without materially increasing your investment, through



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Advantages with special appeal:

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Dallas, Tex.
Memphis, Tenn.

San Francisco, Cal.
Springfield, Mo.
Rochester, N. Y.

Atlanta, Ga.
Cleveland, O.

A. Current liabilities and current assets—less merchandise.

Q. If, as has been emphasized, that credit depends on willingness and ability to pay, can you name at least four of six general factors which should be considered in the appraisal of a credit risk?

A. 1. A good business reputation (character).

2. Competent management.

3. Economic necessity for the enterprise.

4. That the business is profitable.

5. Record of payment of obligation when due is satisfactory.

6. An adequate capital.

Q. Which of the 4 C's is the most important in any credit risk?

A. Character.

Q. What important survey report has the N.A.C.M. placed before the U. S. Congress as well as our members and what is the primary purpose of the report?

A. The report of the National Committee on Taxation. The purpose is to show that the increasing burden of taxation is detrimental to business and National prosperity.

Q. Is a financial statement essential to the appraisal of a credit risk?

A. Yes, where more than a nominal line of credit has been sought.

Q. What is generally meant by the Two Bond Law on Public Works?

A. A performance Bond to protect the owner, and a payment bond to protect labor and suppliers of material.

Q. Should a debtor who assigns any portion of his Receivables and Inventory to obtain credit be required to notify the rest of his creditors?

A. Yes, by public record or otherwise.

Q. In a few words what is the difference between: 1. Retail or Personal Credit, 2. Commercial or Mercantile Credit, 3. Banking Credit, 4. Capital or Investment Credit and 5. Public Credit.

A. 1. Retail credit—The credit extended by the retail merchant to an individual.

2. Commercial credit—The credit used by manufacturers and merchants for its purchase of goods in substantial amounts for the purpose of resale.

3. Banking credit—The credit represented generally by short term loans to merchants and manufacturers for the purpose of supplying temporary working or trading capital.

4. Capital credit—Generally consists

of funds invested in fixed or "earning" assets such as land, buildings, machinery and equipment represented by bonds, long term notes and shares of stock.

5. Public credit—The credit of municipalities, states and nations measured by their ability to borrow funds for the purpose of Government, usually through the issuance of bonds.

Q. What is the Federal Reserve System and how does it operate?

A. The Federal Reserve System consists of 12 District Banks, and their branches, located in the United States,

operated for the benefit of the member banks and is the largest and strongest central banking system in the world. The chief functions of the Federal Reserve System are to centralize and render mobile the country's Bank reserves, to serve as a depository and fiscal agent of the Federal Government, and to act as conservator of the American money market. The member banks are required to keep a certain percentage of their deposits on deposit with the Federal Reserve Bank and may borrow from the Federal Reserve Bank.



With this ingenious machine, shoe manufacturers put their products through an arduous routine, equivalent to hundreds of miles on a paved highway—a marathon of wear to test endurance.

This year, the Fidelity and Deposit Company of Maryland completes a fifty-year journey that has thoroughly tested—and proved—its enduring strength and soundness. In 1890, as a pioneer in the bonding field, F&D won the initial confidence

of businesses and banks, solely on the founders' integrity. Today, a record half a century long of meeting its obligations promptly and fully is conclusive evidence that such confidence was not misplaced.

The benefits of this long and specialized experience are readily available to you through the F&D representative in your community. He will be glad to help you prepare a bonding program that will exactly fit your requirements.

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How Obsolete Machinery Affects Credit

Weakening of Competitive Position Is Important

By J. E. Bullard, Special Writer

C Regardless of how sound any business concern may appear to be financially, at this time, if there is anything about it which would weaken its competitive position in the face of keen competition, it is obvious great care needs to be taken in extending credit to that concern. Because this is true and is a factor which the present war promises to increase in importance it requires more than ordinary attention.

The best authorities insist that the present machinery installed and in operation in our manufacturing plants is at least fifty percent obsolete. It is common knowledge that our machinery manufacturers are now busily engaged in making the most modern machines and shipping them to countries abroad. There is scarcely a nation in which there are any industries at all in which a great many American made machines cannot be found. Now, we are making and selling to England more and more machines. Most, if not all of these machines, can be used after the war for peace time production. They are better and more modern machines in many cases than are being used to any great degree in this country. Not only does this mean that we are retooling our future competitors but what is perhaps more important, the labor in these foreign manufacturing plants is working harder and longer hours than our own labor is.

What Is Degree of Obsolescence?

There is reason to believe that the condition of most nations will be such after the war that labor will be called upon to continue its efforts. It may have to if those nations are to rehabilitate themselves. It must not be forgotten that modern war destroys wealth on a vast scale as well as killing a lot of men, women and children.

Under ordinary conditions it may not be important to consider the degree of obsolescence of the machinery and the equipment of a business concern when extending credit. As a rule, the percentage of obsolescence of the individual concerns in a given industry does not vary to a great enough degree to give many firms an undue advantage or to place others at an undue disadvantage. There are always certain industries in which there are comparatively few obsolete machines and pieces of equipment which are obsolete. The general policy, for example, in the automobile and the electric power industry is to discard the old and buy the new just as soon as there is something better on the market than is now in use. There are other industries in which it is more the custom to wear out machines in so far as possible rather than to seek those which will speed up production and reduce costs. As no manufacturer or business man likes to be placed in this class and is likely to dispute the facts if he is, the better policy is not to mention any of the industries which might well be placed in this class.

In ordinary times, however, any manufacturer or any other business concern which allows its machines, equipment, methods, etc., to become too obsolete is destined for bankruptcy. Some of the large business failures during the past ten years can be considered as due primarily to obsolescence. There are those who claim that the post war condition of Fall River, Mass., was due primarily to the manufacturers in that city distributing too much of the war profits to stock holders and using too little of these profits to buy new machines and modernize buildings. There may be a great deal of difference of opinion on this point but it is obvious that obsolescence is an important factor to watch when extending credit.

Naturally, it is a more important factor when we are modernizing the rest of the world and leaving our own plant obsolete.

Retooling Foreign Plants

After the war, there is certain to be keener world wide competition than there ever has been before. There are a number of reasons why this will be the case. Nations which formerly produced only raw materials have come more and more to be industrial. Warfare in Asia has forced both Japan and China to give more and more attention to industrial development. A non-industrial country can hardly fight a modern war in which machinery plays the part it does. We have been retooling foreign manufacturing plants, as has already been stated, with the very best in American machines. For the past ten years world production has been below what normally would be par, except in implements of war. This means there is less peace time wealth than should be the case. The world has not been at peace since the last great war. There has not been a single year since the armistice was signed on November 11, 1918 that there has not been some sort of war somewhere in the world. In all but two years since 1918 there have been at least two wars being fought simultaneously. This has resulted in a steady drain of men and materials. It has destroyed much wealth. Spain is only starting to recover from her civil war. The present European war promises to set a new record for the killing of men, women and children and the destruction of property. Most nations have national debts already so large that war costs may bankrupt them. When peace comes greater effort than ever before must be concentrated upon peace time production. The larger nations, especially, will compete with each other

strenuously for world markets.

Transportation facilities are greater and the speed of transportation faster than ever before. It required days to travel from New York to San Francisco after the last war. Planes now fly it over night. There is reason to believe that after the present war, London and New York will be only over night apart. Communication is instantaneous. To-day, we hear our war news direct from the belligerent capitals by radio. We no longer have to wait on the cables and the newspapers. Present day communication and transportation provide facilities for more widespread and intense competition than was possible when transportation was slow and we had none of our present communication facilities. Added to this, nations have a way of juggling the value of their currencies in the effort to gain a trade advantage.

Modern Machinery Necessary

With world conditions as they are, it is obvious that everything must be done by every business enterprise to place itself in the very best competitive position. One thing that must be done is to replace all obsolete machinery, equipment and methods with the new, the modern, the best and the most efficient. Otherwise it is not possible to continue to meet the competition.

That firm which is the best credit risk, from this point of view, regardless of what business it may be in, is the one with a fixed policy of replacing what it uses in the way of machines and equipment with what is better just as soon as there is something better on the market. It is not using a single thing which is not as good and as efficient as the best any competitor has. Every physical asset is such that it aids in reducing the cost of doing business. There is no old stuff on which taxes have to be paid but which is so inefficient in use that it actually does not earn the taxes.

This good credit risk firm also is likely to have some profit sharing or incentive system that works. By means of the system it is able to increase results, be they sales, production, book-keeping or anything else per person employed and per dollar invested in the business. This means lower costs and a much better competitive position.

Such a firm has a way of forging ahead and attracting attention to itself. It is a firm which is very likely to be an excellent credit risk and it most

certainly is a firm which is going to be in a better position to meet the coming competition than a less progressive one will be. It is not beyond the bounds of possibility that only such forward looking and progressive firms will be able to exist in the face of the competition there is reason to believe all American firms, eventually, will have to meet.

Apparently, there is no cause to worry about the future of our automobile industry provided it is not disorganized by war. It has had the habit

of not allowing anything to grow old in use. It replaces the present with the new and the better just as soon as it can find anything that is new and better. There is cause to worry about the future or any individual automobile manufacturer who does not follow this policy. As a result of this policy our automobile industry has been able to invade every market in the world, regardless, of how low the wages or long the working week may be in that market.

We cannot say (*Cont'd on p. 41*)

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THE PROGRAM

1. To encourage a wider understanding among credit executives of insurance as a protector of sound credit.
2. To keep credit executives informed of the wide variety of insurance coverages which are available.
3. To promote the use of the official N.A.C.M. insurance statement form as a supplement to the financial statement.

Available Coverages

The following list is selective because of space limitations.

Accounts Receivable
Aircraft
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Mooring
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Automobile
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Fire
Theft
Flood
Public Liability
Tornado
Earthquake
Explosion
Riot
Aircraft Property Damage
Glass Breakage
Collision
Property Damage
Non-Ownership
Drive Other Cars
Hired Cars
Loss of Use
Bailies Customers Floater
Bridge Insurance
Builders Risk

Consequential Damage
Contingent Liability—R.R. Sidetrack
or Switch Lease
Credit
Demolition
Department Store Floater
Disability Insurance
Individual
Group
Dyers & Cleaners Floater
Earthquake
Electric Sign
Engagement Ring Floater
Equipment Floaters
Errors & Omissions
Exhibition Floater
Explosion
Extended Coverage
Tornado
Hail
Riot
Explosion
Smoke Damage—
Aircraft & Motor Vehicle P.D.
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Gross Receipts Truckmen's Floater
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Horse & Wagon Floater
Installation Floater
Installment Sales Floater
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Jewelry—Fur Floater
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Patterns & Die Floater
Personal Effects Floater
Physicians & Surgeons Floater
Profits & Commissions
Public Liability
Radium Floater
Rain
Registered Mail
Rent—Rental Value
Riot & Civil Commotion
Safe Deposit Box
Salesmen's Sample Floater
Scheduled Property Floater
Scientific Instrument Floater
Smoke Damage
Sprinkler Leakage
Sprinkler Leakage—Legal Liability
Stamp Collectors Floater
Stock Floaters
Stock—Reporting
Surety Bonds
(numerous forms of bonds)
Theatrical Floater
Tornado
Tourist Baggage Floater
Transportation Floater
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INSURANCE STATEMENT

IMPORTANT: The insurance you carry has a direct and extremely important bearing on your financial standing. Excellent firms with normally adequate capital resources have had their financial standing seriously impaired or become actually insolvent because they were inadequately insured.

Please give below details of the insurance you carry. This should be useful to you not only because it will help your credit standing but also because it will enable you to review your insurance problem. Your insurance adviser can supply details of most of the information required.

The forms of insurance listed represent those most commonly in force in the average commercial business. It should be clearly and definitely understood, however, that the mere fact of your carrying all these forms does not in itself prove that you are adequately insured. You may need additional forms, or fewer, depending largely on the particular nature of your business. These are points on which you should consult your insurance adviser.

	BUILDINGS	COINS %	MACHINERY & FURN. & FIXT.	COINS %	MERCHANDISE	COINS %	USE & OCCUPANCY	COINS %
Fire	\$		\$		\$		\$	
Windstorm								
Explosion								
Riot								
Sprinkler Leakage								

If your insurance is the "Blanket" type, show total amount followed by the word "Blanket" in the "Buildings" column.

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Transportation—	Domestic Shipments		Transportation—	Ocean Shipments	
Interior Robbery			Payroll Robbery		
Safe Burglary			Stock Burglary		
Fidelity Bonds			Check Forgery		
Public Liability on Premises			Employers' Liability		
Elevator Public Liability			Products Public Liability		
Auto Public Liability (owned cars)			Auto Public Liability (non-owned cars)		
Auto Property Damage (owned cars)			Auto Property Damage (non-owned cars)		
Workmen's Compensation—Are all your employees included?	Yes	No	Life Insurance (Payable to business)		
If you hold property of others is your liability insured?	Yes	No	Does your Public Liability insurance cover construction work done on your premises?	Yes	No
If you have assumed liability of others under any contract such as lease, has your Public Liability policy been extended to cover it?	Yes	No	Have you made sure that all policies covering the same property or liability read alike?	Yes	No

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Plan Summer Institute of Credit Management

The Summer Institute of Credit Management, to be conducted by the NACM in cooperation with the Babson Institute of Business Administration August 10-20, 1941, will not lack for success as far as number of registrants is concerned. Already reservations have been made by outstanding credit executives looking forward to attendance as an opportunity to keep abreast of the rapid, everchanging business world, to exchange ideas and problems with other progressive credit managers and to vitalize and recharge the sources of mental power and professional enthusiasm.

At this stage, the Summer Institute of Credit Management can announce that a carefully-planned educational program will be offered. It will cover the practical problems of credit management and the broader economic aspects of credit.

The formal program will be composed of intensive courses, meeting during the morning hours 8:30 A.M. to 12:30 noon. The following tentative list of courses is an example of what will be offered: Economics of Money and Credit, Legal Aspects of Credit Management, Analysis of Financial Statements, Business Organization and Policies, Psychology for Executives, Current Developments in Credit Management, and Problems of Credit Management. In addition, nationally known educators and business executives will be scheduled for evening lectures and forums.

This Summer Institute of Credit Management, held at Babson Institute, will be located just 13 miles west of Boston in the heart of Wellesley Hills, noted as one of the beauty spots of New England. The campus is situated on a pine-wooded hillside overlooking the broad, well-kept fairways of an excellent golf course. The dormitories provide spacious and comfortable housing for 150. Most of the rooms are double, well furnished, with twin beds, two study tables and ample closet space. Large connecting baths provide double toilet facilities and showers. The cheery dining room can serve all at one sitting.

The educational facilities designed for practical train-

Important announcement to every NACM member!

A special National Committee on Constitutional Revision, appointed by the National President last year, has been for some time working on a revision and modernization of the present NACM Constitution and By-Laws which were adopted in 1920.

The growth of the Association and its activities, as well as changes in our business conditions, requires this important work. The Committee has assembled all known data pertaining to the subject. It has requested suggestions from all local affiliated Associations through the Presidents and Secretaries.

Every member can also assist the Committee in its research. Please give your local Association Secretary, for forwarding to the Committee on Constitutional Revision, any ideas or suggestions you may wish to contribute.

A copy of the present National Constitution and By-Laws is in the hands of your local Association for your information and guidance.

**P. M. Haight, Chairman,
Committee on Constitutional Revision.**

ing in business management leave little to be desired. The library just recently constructed represents several years of careful architectural research. It is not a mere depository of books but a plant designed for efficient availability of information on any business subject. The quiet, academic dignity of the whole campus and its surroundings creates an atmosphere conducive to study.

Those planning to attend the Summer Institute, should be prepared for two weeks of intensive education. The value of this school to the individual depends on his serious intent and the conscientious time and effort he devotes to the program. Suitable certificates will be awarded to those showing evidence of satisfactory completion of courses. Inasmuch as facilities of the Institute cannot accommodate all who wish to enroll, it would be unfair for anyone to register unless he intended to make the fullest use of the educational offerings.

The cost has been held to a minimum to make the session irresistibly attractive. \$75. will cover room, board and tuition for the two weeks. The only other expenditures which might be necessary will be for transportation, laundry, incidentals, and a few text books.

Ample time will be available to relieve the stress and strain of study and class and lecture attendance. The campus and immediate environs are replete with recreational facilities, thus enabling the utmost economy of spare time. Golf at its best can be enjoyed by merely stepping across the street. Although a private club, arrangements have been made for play on the adjoining

golf course at greens fees of \$1.00. Other excellent nearby courses for those desiring diversification will also be opened to registrants. The free use of the tennis courts on the campus will be permitted. You may indulge in baseball, volley ball, badminton, hand ball, and other vigorous exercises on the grounds and in the gymnasium. Swimming in nearby lakes and pools, as well as mounts from nearby stables, will provide additional recreation.

Those desiring to combine the Institute session with a vacation on the eastern seaboard may have their wives accompany them. Board and room can be provided for wives at \$50. for the two weeks. Any one or several historic spots around Boston, Lexington, Concord, Plymouth and Gloucester can be visited by the ladies during the morning or afternoon. At least 25 women will be on the campus with their husbands. Formal social gatherings, recreations, and friendly rides through the interesting countryside will leave no time for ennui.

Reservations must be made early to assure attendance. Course registration and room assignments procedure will be announced shortly. Checks will be due the latter part of July. Should registration exceed the number that can be comfortably accommodated, the right is reserved to make allotments in order to obtain as wide a representation of association membership as is possible. Reservations have already been received from Chicago, Sacramento, Grand Rapids, Detroit, Wheeling, New York, Rochester and Binghamton, coincident with the first public announcement made in the Monthly Review of Business by NACM Executive Manager, Henry H. Heimann.

Active year ahead for NACM legislative work

Facing the prospect of additional problems of tax legislation, possible legislative developments arising out of the defense program, and new bankruptcy legislation, in addition to the normal program of Federal and State credit legislative work, the Association's legislative organization is preparing for one of the most active years in NACM history.

Recognizing the importance of sound organization as a prerequisite to efficient legislative work, special effort is being made this year to provide even closer coordination between the members of the Association's National Legislative Committee, the members of the National Committee on Taxation, and the Chairmen and members of the legislative committees of the local Association.

Each local Association President has been requested to devote particular attention to the organization and efficiency of his local legislative committee and to appoint a local committee on taxation to cooperate with the National Committee on Taxation in connection with the Association's tax work.

Every member of the National Legislative Committee and the National Committee on Taxation has been assigned the responsibility for the general legislative and the tax legislative work in his district and of maintaining a close liaison with the legislative and tax committees of all Associations in his district.

In addition to these details of organization, special effort is being made to enlist the interest and active co-

operation of every Association member in the Association's legislative work. The success of the work ultimately depends on the amount of attention and cooperation which is given by individual Association members.

To inform members concerning the membership of the National Legislative Committee, a roster of that Committee follows. Every member of the Association should feel at liberty to present suggestions concerning legislative matters to the member of the National Legislative Committee for his district.

NATIONAL LEGISLATIVE COMMITTEE

Executive Committee: R. L. Simpson (Chairman), C. T. Patterson Co. Inc., New Orleans, La.; C. H. Rison, (Eastern Division Vice Chairman), Grinnell Company, Providence, R. I.; John Ledbetter, (Central Division Vice Chairman), Northrup, King & Company, Minneapolis, Minn.; Frank Dudley, (Western Division Vice Chairman), General Grocery Company, Portland, Oregon.

District I (Me., Vt., N. H., Mass., R. I., Conn.), Laurence S. Day, W. F. Schrafft & Sons Corp., Boston, Mass.; Clarence H. Rison, Grinnell Company, Providence, R. I.

District II (N. Y., N. J.), Clarence Riegel, General Electric Company, New York, N. Y.; Carey B. Ostrander, Exchange Lumber Company, Rochester, N. Y.

District III (Pa., Del.), Everett H. Brown, Jr., Shields, Clark, Brown & McCown, Philadelphia, Pa.; A. L. Lambie, Blaw-Knox Company, Pittsburgh, Pa.

District IV (Mich., Ohio), E. C. Brunst, The Gruen Watch Company, Cincinnati, Ohio; H. D. Palmer, Detroit Steel Products Company, Detroit, Michigan.

District V (Md., W. Va., Va., N. C.), William Lee Bean, McCormick & Co. Inc., Baltimore, Md.; A. D. Crummett, Virginian Electric, Inc., Charleston, West Va.

District VI (Ga., Fla., Ala., S. C., Miss., La.), R. L. Simpson, C. T. Patterson Co. Inc., New Orleans, La.; H. S. Collinsworth, Gramling & Collinsworth, Atlanta, Ga.

District VII (Ky., Tenn.), Berl Boyd, Belknap Hardware & Mfg. Co., Louisville, Ky.; J. C. Lauderdale, Gray & Dudley, Nashville, Tenn.

District VIII (Ind., Ill.), R. A. Carrier, Agar Packing & Provision Co., Chicago, Ill.; A. W. Macy, Indianapolis Glove Company, Indianapolis, Indiana.

District IX (Mo., Ark., Okla.), H. E. Bucher, Graybar Electric Company, St. Louis, Mo.; T. B. Hendrick, Collins-Dietz-Morris Co., Oklahoma City, Okla.

District X (Minn., Wis., N. D., S. D.), John Ledbetter, Northrup, King & Company, Minneapolis, Minn.; C. R. Keyser, Cudahy Bros. Co., Cudahy, Wisconsin.

District XI (Neb., Kan., Ia.), Fred Harris, John Deere Plow Company, Omaha, Nebraska; L. Motz, Armour & Company, Sioux City, Iowa.

District XII (Tex., N. M., Ariz.), R. C. Rancier, Southwestern Drug Corp., Dallas, Texas; A. A. Martin, Momson-Dunnegan-Ryan Co., El Paso, Texas.

District XIII (Cal., Nev., Utah, Col.), Leon Rosenbaum, Consolidated Rock Products Co., Los Angeles, Calif.; A. I. Hermann, Union Lumber Company, San Francisco, Calif.

District XIV (Wash., Ore., Idaho, Mont., Wyo.), Frank Dudley, General Grocery Company, Portland, Oregon; O. L. Woods, Fisher Flouring Mills Co. Inc., Seattle, Wash.

Members-at-Large: C. Callaway, Jr., Crystal Springs Bleachery, Inc.; Chickamauga, Georgia; Joseph F. Miller, Wayne Candies, Inc., Ft. Wayne, Indiana; T. G. Murphey, Sherwin Williams Company, Cleveland, Ohio; C. E. Parks, North American Cement Co., Albany, N. Y.; D. W. Strickland, Ingalls Iron Works, Birmingham, Alabama; Forrest S. Walden, Strevell Paterson Hardware Co., Salt Lake City, Utah; J. H. Wiles, Loose Wiles Biscuit Company, Kansas City, Missouri.

Ex Officio Members: John L. Redmond, N.A.C.M. President, Crompton-Richmond Co., New York, N. Y.; Henry H. Heimann, N.A.C.M. Executive Manager, New York, N. Y.; W. R. Montgomery, N.A.C.M. General Counsel, New York, N. Y.; Wm. B. Layton, N.A.C.M. Special Counsel, Portland, Oregon.

Secretary to the Committee: C. F. Baldwin, Bowen Bldg., 815 15th St., N. W., Washington, D. C.



Broadcasts made on Fraud Prevention

By the date of publication of this issue six of the series of talks on commercial crime and fraud prevention, sponsored by the Fraud Prevention Department of the NACM over Station WBBC, Brooklyn (1400 on the dial) will have taken place.

Speakers thus far in these quarter-hour broadcasts each Tuesday night at 6:15 have included: Wm. G. Betsch, William Iselin & Co., Inc.; Hugh S. Roberts, Fraud Prevention Dept.; John L. Redmond, Crompton-Richmond Co., Inc.; Maxwell S. Mattuck, Lawyer, New York; Harry J. Delaney, Meinhard-Greeff & Co.; and Clarence L. Riegel, General Electric Co.

The schedule of broadcasts in the weeks ahead includes the following: Charles J. Scully, Fraud Prevention Dept. and Paul Haase, NACM; W. Roy Hennie, Textile Banking Co.; Sylvester S. May, Daily News Record; Henry H. Heimann, Executive Manager, NACM; Nash Eldridge, J. P. Stevens Co., and Konrad Braun, Commercial Factors Corp.

Experts on exports

Most member firms engaged in foreign trade know that the Association has an Export Department. But to some members, newly-engaged in export, it may be welcome news that the Foreign Credit Interchange Bureau of the N. A. C. M. has been rendering well-rounded credit services to exporters for more than 20 years—services that make it possible for the exporting member to administer his foreign credits with the same efficiency and dispatch that characterize his domestic operations.

Over 200,000 foreign credit interchange reports on foreign buyers throughout the world are in the Bureau's New York files. These reports list actual ledger experiences of the American exporters selling these accounts.

They tell under what terms these foreign buyers are sold—highest recent credit accorded them—what they owe—how much is overdue and how long—how they pay, and how each American exporter reporting rates them—pertinent, concise factual data that tells the whole story at a glance. The free reciprocal report service the Bureau renders its members constitutes an almost automatic and certainly economical check up on accounts that might otherwise be overlooked.

Present N. A. C. M. members now engaged in export who are not fully informed on the F. C. I. B. can secure full details by writing to the Bureau, One Park Avenue, New York, N. Y.

Tax priorities and creditors' rights

Holding that a tax collector is negligent in permitting taxes to remain uncollected for periods from five to 12 years, Referee John Keogh recently denied the City of New Haven the right to collect three years back taxes from the bankrupt estate of Louis Raflowitz, former proprietor of a dry goods store.

Referee Keogh reduced a tax claim of the city from \$264.99 to \$36.38, representing 25 per cent of the 1938 assessment and the 1939 taxes. The taxes were assessed on stock in Raflowitz's store. He ruled that under the Chandler Act, the trustee of a bankrupt estate is not obliged to pay old taxes assessed on store stocks long since sold and consumed and no longer existent.

"Just how the city's assessment figure of \$1,500 was arrived at was not made clear at the hearings for the only member of the Board of Assessors calling at the bankrupt's place of business during the five-year period was one who stopped in 'two or three years ago,' stayed 'but a minute or two,' heard the bankrupt protest his assessment as too high, and immediately left," Judge Keogh said.

"Even if the law did not prevent a recovery based upon the assessments of earlier years, it is unfair for the city to neglect tax collections and then attempt to take over, under its claim of priority, the major part of the money raised by sale of the assets equitably belonging to the general creditors," the bankruptcy referee said.

"Priority creditors seem to lose sight of the fact that the general creditor is the source from whom all assets flow. Taxing authorities and collectors are not responsible for a dollar's worth of goods on any bankrupt's shelves or for one single fixture in his store and every penny paid in tax priorities is at the expense of the general creditors."

Judge Keogh held that despite a contrary claim by Asst. Corporation Counsel David S. Rivkin, the bankruptcy court is the proper forum for the adjudication of the amount and validity of taxes.

"Based upon this ruling, I find that the claim of the city must be disallowed as to taxes claimed for the years 1935, 1936 and 1937, and 75 per cent disallowed on the 1938 tax."

Commenting on tax priorities "Connecticut Credit News" recently noted that every time a credit executive has a credit decision to make, he is confronted with the question, "Has this man paid his taxes?" Multiplicity of taxes has increased this burden and tax delinquency plus the priority status of uncollected taxes has magnified it.

The rate of delinquency must be reduced if this problem is to be minimized. Often credit losses are increased due to these problems of delinquency and priority accorded to tax collectors. Many cases of insolvency have resulted in no dividends to creditors because of these two unfair conditions. Wherever it has occurred, merchandise creditors, in effect, are paying the tax bills for these delinquents. The net result is that an alert credit executive is often penalized by tax collection methods on the part of our tax gatherers.

We believe, the publication concludes, that a more prompt collection of taxes will decrease tax delinquency and that a limitation on the time for priority and the amount of priority will insure a more prompt collection.

NEWS ABOUT CREDIT MATTERS

A section devoted to local
Credit Association affairs

December, 1940

Copy deadline
15th of month

Petroleum refiners had big conference

The NACM Petroleum Refiners Division held its annual fall Conference at Tulsa and Bartlesville, Okla., October 28-30. This year's program was of a somewhat unusual nature in that one of its purposes was to give the credit executives of the industry an up-to-date picture of many of the developments and problems which the industry encountered. Perhaps in no other industry has scientific research developed so many new products and so many possibilities and uses for those products. This field of research was covered in a most comprehensive and constructive fashion by excellent speakers.

Other problems confronting the industry, such as that of financing production developments, the constant search for new fields of production, estimates of the potential production to be anticipated in various fields now located or partially developed, together with what might be anticipated from regions promising future production, etc., were carefully explained and analyzed by experts in that field.

The general problems of credit were not overlooked, and the discussions at the conference indicated that the credit executives had a full appreciation and thorough understanding not only of present existing problems but those that seemed almost certain of development in the future.

The Division elected the following as its officers and directors for the ensuing year: *Chairman*—Webb R. Charles, Globe Oil and Refining Co., Wichita, Kan.; *Vice Chairman*—M. V. Johnston, Gulf Oil Co., Pittsburgh, Pa.; *Vice Chairman*—F. R. Springer, Humble Oil & Refining Co., Houston, Tex.; *Vice Chairman*—W. M. Shelton, Union Oil Co. of Cal., Los Angeles, Cal.; *Sec.-Treas.*—R. A. Colliton, NACM, St. Louis, Mo.; H. E. Butcher, Cities Service Oil Co., Chicago, Ill.; D. F. Cocks, Standard Oil Co. of Ky., Louisville, Ky.; R. C. Gordon, Shell Oil Co., St. Louis, Mo.; H. L. Hampton, The Texas Company, New York, N. Y.; L. R. Johnson, Allied Oil Co., Cleveland, O.; G. L. Martin, Johnson Oil & Refining Co., Chicago Heights, Ill.; C. W. Neve, Skelly Oil Co., Kansas City, Mo.; R. C. Ward, Sun Oil Co., Toledo, O.

**To Make a Headline,
Remember the Deadline:**

15th of month preceding publication



Caught by the camera

Richmond—At the annual fall meeting of the Richmond ACM Ed Davis, General Elec. Supply Co., corraled a number of "off-guard" shots. In this one he caught, l. to r.: Mrs. Chic Sale, Association Pres. A. W. Burket, Past Pres. J. H. Wendt, Chic Sale, WRVA Announcer Pat Binford, and Acting Assn. Mgr. Boswell in the course of an alleged "Battle of the Sexes" program staged by the Association's entertainment committee.

Drug, chemical C-men hold mid-West parley

Although seven years ago it was only a brave experiment, the mid-West Drug, Chemicals and Allied Lines Credit Conference, sponsored every year by the Drug & Chemical Credit Group of the Chicago ACM, today is the outstanding conclave of its kind. Attracting delegates from many states, the conference is distinguished for its authoritative speakers, its timely programs and its round table sessions. The seventh annual Credit Conference of the industry was held Sat., Nov. 16. The sessions, lasting all day, began at 9:30 A. M.

NACM Director Blaine defends private banking

Seattle—NACM Director E. L. Blaine, Jr., Vice Pres. of Peoples National Bank of Washington, was a featured speaker at the recent meeting here of controllers of the Pacific Coast. He declared that attacks on our banking system are really attacks on fundamental American economy, that banks were not responsible for the pre-depression speculation hysteria; rather, they were merely the agent through which borrowers acted. Stressing the advantages of competitive banking in this country, Mr. Blaine said: "The first move in every totalitarian nation has been taking control of the financial resources of the country."

Fine paper C-men plan Credit Congress program

Credit executives of the fine paper industry have selected a committee to plan for the industry meeting program in conjunction with the annual Credit Congress of the NACM at New Orleans in May, 1941: *Chairman*—H. C. Steward, The Whitaker Paper Co., Cincinnati, O.; *Vice Chairman*—B. E. McJilton, Butler Paper Co., St. Louis, Mo.; Charles W. Hess, Seaman-Patrick Paper Co., Detroit, Mich.; Paul Anderson, Zellerbach Paper Co., San Francisco, Calif., and Alex. Turnbull, Butler Paper Co., Denver, Colo.

Mr. Steward and committee invite suggestions on topics which might advantageously be discussed at the coming Credit Congress as well as regarding any other credit problems on which committee action would be helpful. Plans for the coming year are to organize and expand the activities of the industry into a cooperative unit so that the benefits may be available to members throughout the country. Something of this kind has already been successfully undertaken in several markets in the central section and much has been accomplished in working out the affairs of a number of unsuccessful customers.

Heimann speaks before Law League meeting

New York—The 20th annual banquet of the New York Members Association of the Commercial Law League of America in the Hotel Roosevelt was featured by an address by NACM Exec. Mgr., Henry H. Heimann.

Mr. Heimann also addressed the 5th annual Illinois Bankers Conference at the University of Illinois on Nov. 26 and is scheduled as the main speaker before the Dec. 19 meeting of the St. Louis Rotary Club.

Mid-West C-men hear C. F. Baldwin

Washington—Charles F. Baldwin, Mgr. of the Washington Service Bureau, NACM, and Sec. of the National Legislative Committee, was the featured speaker at five meetings sponsored by mid-West credit associations in the latter part of Nov. Mr. Baldwin discussed various aspects of

credit and the defense program. His itinerary included Lansing on Nov. 25, Kalamazoo on Nov. 26, South Bend on Nov. 27, Detroit on Nov. 28 and Cleveland on Nov. 29.

Association Activities

Worcester:

Credit executives from Athol, Fitchburg, Gardner and Worcester were present at the Nov. dinner meeting of the Worcester County ACM at the Bancroft Hotel on the occasion when Henry H. Heimann, Exec. Mgr. of the NACM presented the feature address.

Chattanooga:

The annual Xmas Party of the Chattanooga ACM will be held at the Read House on Dec. 17. A program of musical and dance numbers will be preceded by a visit from Santa Claus, as well as the election of officers and directors for the coming year. At the Nov. meeting of the Assn., Dr. Archie M. Palmer, Pres. of the University of Chattanooga was the speaker.

The previous month's dinner meeting was addressed by Federal District Judge Leslie R. Darr, who spoke on "Civil Liberties." In the course of his talk Judge Darr declared that "it is the patriotic duty of every American citizen to guard our civil liberties and to know something about the Bill of Rights."

Judge Darr referred to some of the limitations of the "rights" of citizens, and stated that some foreign agents and propagandists are taking undue advantage of the rights of American citizens to spread their un-American doctrines. "The laws of libel and slander are not strong enough against some traitors or foreign agent or propagandist who is determined to undermine the fundamental basis of our government," he told the group.

Entertainment was furnished by local dancers and reports were made by the following: Chad Callaway, Jr., Director of the NACM, for the states of Tennessee, Kentucky and Ohio, who attended the national directors' meeting of the association in New York; Paul J. Viall, Economic Committee Chairman; and J. H. Spaulding, Chairman of the Education Committee, who announced the date of the Letter-Writing Clinic and reported at least 50 members taking the course.

Kansas City:

The opening guns for the fall Membership and Fellowship Drive were fired Nov. 7, when one of the largest turn-outs for any membership meeting in years was held in the Association office. The Board of Directors was well represented, as were the Chairmen of the various groups, in addition to many individuals interested in

continuing the development and expansion of our Association.

While Bernard J. Lynch, Continental Can Co., was discussing with Sec. Clay Smith, his plans for fall and winter activities, the membership committee perfected plans for each group through its chairman to be responsible in the Thanksgiving Turkey Drive for five new members each, which would more than double the gain in membership already made.

Albany:

The Nov. dinner meeting of the Eastern N. Y. ACM was held here in the Hotel Ten Eyck. Designated as "Old-Timers Night" the occasion heard as its guest speaker, one of the Association's old-timers, namely, Howard S. Sanders, past assn. President and present Sec.-Treas. of the Stationers and Publishers Board of Trade.

Syracuse:

A joint meeting with the Syracuse Chapter of the National Association of Cost Accountants will be staged by the Syracuse ACM at the Onondaga Hotel, Dec. 10, at which the featured speaker will be Carl A. Zeller, District Mgr. of the Felt & Tarrant Co., who will discuss "Bookless Bookkeeping." Mr. Zeller is a member of both of the sponsoring organizations.

Providence:

The Rhode Island ACM heard NACM Exec. Mgr., Henry H. Heimann, discuss "Freedom of the C's" at its informal dinner meeting on Nov. 19 at Turks Head Club. Many executives of local member-firms were in attendance.

Rochester:

The largest delegation that has ever represented Rochester at a Tri-State Conference returned from New York in October with word that this city was unanimously chosen to hold the annual parley next October under the auspices of the Rochester ACM, according to the announcement made at the Nov. dinner meeting in the Hotel Seneca at which Lt. Col. Nelson Dingley III, U. S. Coast Artillery Corps, spoke on "Industry vs. Air Attacks" and Commander Elmer Kiehl, U. S. N., spoke on "The Current Naval Expansion."

Boston:

The annual New England Credit Conference was held here under the sponsorship of the Boston CMA on Nov. 14. The morning session was featured by forum discussions on the debt moratorium, led by Osborn W. Bullen, on assignment of accounts receivable, led by John Gilligan, and on small business, led by Howard S. Almy. The final morning feature was a talk by Charles F. Baldwin, Manager of the NACM Washington Service Bureau, on "Credit and the Defense Program."

Talks on government matters, credit trends, and business conditions, were presented in the afternoon followed by the evening banquet at which NACM Executive Manager, Henry H. Heimann, and

Bill Cunningham, Sports Writer of the Boston Post, were featured speakers.

Pittsburgh:

At the Nov. 5 meeting of the local Credo Club the program featured five of Pittsburgh's baseball notables including Bill McKechnie, Mgr., Cincinnati Reds; Jimmie Ripple, the Reds' slugging left fielder; Pres. Bill Benswanger of the Pittsburgh Pirates; Vice Pres. Sam Watters of the Pirates; and Chilly Doyle, baseball writer for the Pittsburgh Sun-Telegraph. The official announcer for the occasion was Jim Heppenstall, Dr. Frederick Kempster being Master of Ceremonies. The program was sponsored by Mike J. Chesmar, of Hubbard & Company.

Atlanta:

At the Oct. meeting Pres. Alexander announced the plans for a point system whereby all members are eligible for the Paul Wright Miller distinguished service cup, which was displayed at the meeting. Attendance at regular meetings, 35 points, attendance at special meetings, 25 points, and for securing a new member, 50 points. The 1941 award will be made on performance beginning with May 1, 1940.

Lexington:

Election of officers and directors featured the fall membership dinner meeting of the Lexington CMA at the Lafayette Hotel. The principal speaker was Dr. Raymond F. McLain, Pres. of Transylvania College, who spoke on "Educating the Business Man." Other speakers were J. W. Mann, who told of the progress of the Association during the past two and one-half years, and S. J. Schneider, Sec.-Mgr., who discussed the Association's place in the Kentucky business world.

Dallas:

This city won the privilege to be the 1941 host for the Southwestern credit executives conference which will be held here in the fall of next year under the sponsorship of the Dallas Wholesale CMA. The news was brought back by the Dallas credit delegation of 26 to the recent Shreveport conference in that city. The successful bid by Dallas was in charge of Herman Biar, Credit Mgr. of the Schoellkopf Co., supported by the Dallas Manufacturers' and Wholesalers' Assn. and the Dallas Chamber of Commerce.

Chicago:

A special six-man committee has been named by the Chicago ACM to study credit problems affecting business arising out of the national conscription and mobilization program.

Detroit:

L. E. O'Dell was recently appointed the Adjustment Bureau Manager of the Detroit ACM, it was announced by Sec. L. E. Phelan. He succeeds W. G. Starr, who resigned to take up his residence in Los Angeles. Mr. O'Dell served with the industrial department of the Union Guardian Trust Co. for the past 12 years.

Grand Rapids:

The Nov. dinner meeting of the Grand Rapids ACM heard David M. Weil, foreign news writer for the Chicago Journal of Commerce, speak on the subject "Can England Win the War." The tremendous bearing of the war's outcome on the credit structure of the United States and other nations was brought out.

Seattle:

An amateur talent contest will be the feature at the annual Trade Group night and Xmas Party here at the New Washington Hotel on Dec. 16, being presented by the Food and Millers Group. At the Nov. meeting of the Association, Dr. Newton E. Moats of the First Methodist Church presented a talk entitled "Thank God for America," followed by colored movies of the Far East, which were shown by Lloyd Herrett, President, C. M. Lovsted & Co.

Cincinnati:

The Dec. 10 meeting of the Cincinnati ACM will feature a "shop talk" on the subject of handling first orders. Two credit executives—Joseph Stevens of The Goodall Co., and Ralph Rothhaas of The Andrew Jergens Co.—will speak, one giving the method of handling a large first order and the other a small first order. Following a general discussion there will be a buffet service and cards. The Association's Xmas Party is expected to be held on Dec. 21 at the Cincinnati Club.

Buffalo:

The Nov. dinner meeting of the Credit Assn. of N. Y. heard David A. Weir, Asst. Exec. Mgr. of the NACM, present a feature address entitled: "Visions and Values."

Cleveland:

Recently launched by the Cleveland ACM was a consultation and advisory service on all fire, marine and casualty insurance by the Association's Insurance Advisory Council. A special form was distributed to all members for a check-up on insurance hazards and requirements. Problems of member-firms will be submitted to a committee of the Council and replies will be made through the Association offices. The survey form covers building, contents, use and occupancy, and miscellaneous data.

Zebraffairs

Dear Fellow Zebras:

This month I would like to chat with you on a very important subject—FRIENDSHIP.

Friendship is a priceless possession when one really sits down and does a little sound thinking about it. It's very odd, and certainly indescribable, the way human bonds form out of practically nowhere and ripen into that wonderful asset known as Friendship.

So many times we really do not appreciate the great value of this intangible. It is unfortunate indeed that all too often it takes circumstances of one kind or another to bring this fact to light. We then realize what a priceless thing we have in our possession and can appreciate its intrinsic value.

Something should and could be done by all of us to further enhance the value of that indescribable something. There are many ways in which to accomplish this job—one being the little favors that we are so often called upon to do. These are usually quite small in nature and take very little time and effort—and yet to the person for whom they are being performed, it amounts to a great deal.

So often a person might say to himself: "Why should I do anything for him—he never did anything for me." Well, so what! And that's exactly what I mean—so what! Don't you think there's something fine in a person when for the first time you enlist his help and find him only too willing to take care of a little something that will mean a great deal to you? If that favor is properly appreciated, don't you suppose the person who accomplished it for you feels that appreciation, and in so doing, would gladly take care of something else for you some day? And wouldn't you be happy to do something for him whenever the occasion arose? Why, certainly you would. Well, there is only one answer to this problem and that is—the beginning of that indescribable thing called Friendship.

So it is, fellows, with our Zebra organization. Each one of us get out of our organization, at a minimum, what we put in, and by putting forth a little extra effort the dividends are ten-fold.

There should be a great deal more of this extra effort in this old world of ours. Certainly the results would be outstanding and a certain portion of our troubles would be cured. Above all, the greatest thing that would be accomplished would be a great deal more of a thing called: FRIENDSHIP, THAT PRICELESS POSSESSION.

Zebraically yours,

HERB KELLEY,

Grand Exalted Superzebr.

Detroit:

The local Herd, ROZ, staged a Bingo Party at the Hotel Fort Shelby on Nov. 15 with many fine prizes as awards for the winning contestants.

Newark:

On Nov. 8 the New Jersey Herd, which includes those who have secured new members, or who have been elected because of other notable service to the association during the current year, held their "Fall Round-up" at Nelsons Town House in Union City. Among those present were: Exalted Superzebr Noble, Most Noble A. of A. Bergman, Royal J. A. Stehlin, Three H. P. Burro Haines, Keeper of the Zoo Geary, Asst. Keeper of the Zoo Langton, Zebratary Whitney and Zebras Auld, Pfost, Jackson, Auricchio, Berkowitz, Margulies, Krown, Harnisch, Winkler, Rodger, Rothweiler, Berg.

Milwaukee:

The local Herd, Chapter 19, ROZ, elected the following to office at a dinner meeting, Nov. 7, at the Elks Club: *Superzebr*—Don Graham, Greusel Distributing Corp.; *Most Noble A. of A.*—Art Langham, Hummel & Downing Co.; *Royal Jackass*—El Kroening, Allen-Bradley Co.; *Three Horse Power Burro*—Al Schuetze, Employers Mutuals; *Zebratary*—Skip Garness, Milwaukee ACM; *Keeper of the Zoo*—Rudy Knorr, A. H. Weinbrenner Co.; *Keeper of the Zoo*—Fred Braun, T. C. Esser Co. The next Zebra initiation is scheduled for Jan. 31, 1941.

Creducation

Albany—The local Chapter's third year opened with another increase in registration, 29 being enrolled in Financial Statement Analysis.

Birmingham—The course in Modern Business English has proved to be popular, 36 enrollments having been received.

Boston—"Bank Clearance of Checks" was the subject of a talk by Jos. T. Donovan, Asst. Cashier of Natl. Rockland Bank at the Chapter's Oct. meeting. A Halloween Party was also held at the Pocahontas Tavern.

Detroit—Leslie B. Eby, Insurance Counselor, addressed the Chapter on "The Relation of Insurance to Constructive Credit Management," at the Nov. meeting. After the meeting a colored film on Mexico and South America was shown.

Hartford—The Chapter is reviving its editorial program with a series of lectures on Business Letter Writing. Prof. Wilbur McKee of New York University is expected to give the lectures.

Indianapolis — Philip K. McDowell, Chairman, Program Committee reports that Roy A. Colliton spoke on credit collection problems at their Nov. 13 meeting.

Kansas City—This Chapter is offering two courses this semester—Bus. English and Economic. 43 have been registered for these courses.

Lincoln—A course in Business Law is being offered by instructor E. E. Marti. 20 are taking the course.

Louisville—The following forum program has been announced by E. L. Thomas: Nov.—"What's Ahead for Business." Dec.—"Do Your Collection Letters Build or Destroy?" Jan.—"Fire Insurance & Its Relationship to Credit." Feb.—"The Credit Profession's Sleepless Watchdog." Mar.—"To Ship or Not to Ship." Apr.—Annual Spring Dinner, speaker, David A. Weir.

Meadville—This Chapter, so prominent a few years ago because of the unusually large enrollment in a small city, continues its activities with a good registration in cooperation with Allegheny College.

Newark—The following are the lectures and study clinics announced for the year: Nov.—"Accounts Receivable Controls" and "What Does the Presidential Election Mean to the Business Man." Dec.—"The Effect of Today's Taxes on the Balance Sheet & Operating Statement." Jan.—"Budgeting Credit & Collection Dept. Costs." Feb.—"A Message to Credit Men"

(speaker, U. S. District Court Judge, Hon. Thos. A. Walker). The following is the program of credit forum dinner meetings: Dec.—A debate "Resolved, That Cash Discounts Should be Abolished." Jan.—"An Analysis of Conditions Affecting Credit Extension in 1941" (five leading N. J. credit executives will lead the discussion.) Mar.—"Big Mistakes Made by Credit Men." Apr.—Debate "Resolved, That a Liberal Credit Policy on Marginal Accounts With a Good Collection Program, Because of Increase in Sales, Results in a Greater Net Profit."

New York—"Beware of the Status Quo" was the subject of an address by Teel Williams of Williams & Saylor Co. at the Nov. meeting. J. Noble Braden, Exec. Sec. of American Arbitration Assn. spoke on the same program on the principles, methods and advantages of arbitration.

Pittsburgh—The Chapter reports an increase in membership the third successive year, having 136 registered to date.

Rochester—The Nov. forum meeting heard Chas. J. Briggs of Rochester Credit Men's Service Corp. on the subject "Making Them Pay and Like It." Jack D. Cogswell led the discussion.

Spokane—Chapter Treas. R. H. Briscoe, reports 26 enrolled in a course in Economics and remarks "Some of the old-timers who joined our class this fall have changed their minds about our educational work and are really enjoying it."

New York—Among the Credit Women's Groups which have recently announced that they are sponsoring National Institute of Credit scholarships are Newark, El Paso, Louisville and Kansas City.

Obituary

T. A. Adams

Montclair, N. J.—One of the organizers of both the New York CMA and the NACM, T. Albeus Adams, died at his home here on Sept. 14 at the age of 76. Mr. Adams was prominent in the commercial cold storage field, as well as in many civic lines. For several years he served as chairman of the New Jersey Commission which negotiated with New York on the construction of the Holland Tunnel. In his early business life he was New York Mgr. for Swift & Co. and later organized Adams Brothers Co., a wholesale meat distributing firm which was later absorbed by the Swift and Armour companies. From 1898 to 1906 he was president of the Gansevoort Bank of New York City. He is survived by his brother Robert, his wife, two daughters, two sons and two sisters.

Position Wanted

Employment as credit man or traveling collector is wanted by a man of over 20 years experience in the tire and hardware lines chiefly throughout the middle west. Capable of and experienced in the management of department. Best of references.

Write Box 121, Credit and Financial Management, One Park Ave., New York.

Available: Credit executive, 20 years experience radio, electric and automotive supplies and equipment, well known in trade. Graduate technical school. Free to travel. Leader in Association. Best references. Address Box 122, Credit and Financial Management, One Park Ave., New York.

Credit Career

W. O. Frost

Minneapolis—One of the veteran credit executives of the midwestern area is W. O. Frost, Sec. of the Minneapolis Iron Store in this city, wholesalers of steel, heavy hardware, implement supplies, automotive accessories and shop equipment. At the Northwest Credit Conf. last spring Mr. Frost was the subject of many compliments because of his many years of excellent service, both to the business world and to the Minneapolis and National Associations of Credit Men.

Since March 15, 1890, when he commenced his employment with the Minneapolis Hardware Store, Mr. Frost has been active in the organization. He has been extremely strong in his support of the activities of the local and national credit associations, having been a member of the Board of Directors of the Minneapolis ACM for several years and serving three terms on the Board of Directors of the Northwest Jobbers Credit Bureau.

During his long credit career, he has attended between 15 and 20 NACM Credit Congresses and has actively participated in both Fraud Prevention campaigns and in the new Development Fund Campaign.

He was born on Aug. 5, 1867 at Longmeadow, Mass. Graduated with honors in 1886 from the Springfield, Mass., high school, he taught three years in Springfield, Mass., evening school. Then he was clerk to the Supt. of Schools for two years at Springfield. In August, 1889, he moved here and taught in the Minneapolis School of Business until he joined the Minneapolis Iron Store.

At the September 1940 meeting of the Minneapolis ACM Mr. and Mrs. Frost were honored guests and Mr. Frost was presented with an honorary life membership in the local Association.

We are happy to salute, through the means of this modest recognition, the many years of service of Mr. Frost to both the business and credit world.

Edith D. Oldfield

Syracuse—The distinction of being the first woman member of the Syracuse ACM belongs to Edith Oldfield, who modestly says that she must have been a nuisance

to the men as they selected her to organize the Women's Group of that Association, which has been carrying on successfully since 1937. The original membership at that time was 18 and it has progressed by leaps and bounds until they now enjoy the active list of 60 members. She gives great praise to the girls who assisted her but the girls give highest commendation to her, their first Chairman, for a job well done.

Miss Oldfield was born in Lyons, Neb. Her education started with the Lyons Grammar School and later she graduated from the Lyons High School. After leaving Lyons, Edith matriculated at the Wayne, Neb., Normal School. Coming East shortly after leaving Wayne, Miss Oldfield taught in the Grammar School at Hinckley, New York. This position lasted one year when she decided that teaching was not her vocation. New York State

lost a good teacher but Syracuse gained a successful business woman. Her first position in the credit world was that of Credit Manager of the Associated Discount Corp. of Syracuse. She has held several successful positions with other leading business houses: one of which



was Office Manager of the Syracuse Oldsmobile Co. For the past seven years she has been Treas. and Credit Mgr. of the C. L. Amos Coal Co., the largest wholesale coal company in central New York.

Reading and studying in the winter, walking, swimming and picnics in the summer take up her leisure hours. She has also been known to wield a crochet-hook with dexterity and can produce a beautiful product of her workmanship in the form of a tablecloth. Also she is particularly fond of cooking. However, studying is paramount with her and at present she is taking a special course in Spanish. The other courses which she has completed with very high ratings are Credit and Collections, Merchandising, Business Finance and Public Speaking. Her ambition in life is to see the world. It is our belief that this ambition will be achieved.

Our Distaff Side

Minneapolis:

Five new members were welcomed at the Sept. meeting of the Minneapolis WCW Club. Following the dinner Herbert T. Park related his travel experiences in Mexico and the Hudson Bay region. Communications from the National Credit Women's Executive Committee were brought to the Club's attention.

At their Nov. meeting the Club had the privilege of hearing Julia Anderson who is in America on furlough after spending two years in Liberia as a nurse at the Episcopal Missionary Hospital. Her description

of conditions there and of the attitude of the natives of this American protectorate toward the "White Angels" was of exceptional interest. At the business session plans were made for the Club's annual publication, "Credit Memos" and for other activities.

Pittsburgh:

The local CWC held its Nov. meeting at the Congress of Clubs with Emily H. Wilson, Attorney-at-Law, as the guest speaker. Her subject was "The Constitution and Bill of Rights." As an extra attraction, the Westinghouse Electric & Mfg. Co. sponsored a 5-reel motion picture entitled "The Middleton Family at the New York World's Fair."

Los Angeles:

Eighty-nine members are included in the recently issued roster of the Credit Women's Club of the LACMA. On Nov. 20 the group joined with the Assn. at the luncheon meeting in the Hotel Biltmore, following its regular meeting on the 18th at the Mayfair Hotel.

Philadelphia:

Plans for the sixth annual Christmas Party for Philadelphia credit men and credit women, which is to be held at the Benjamin Franklin Hotel on Dec. 12, were outlined at the Nov. dinner meeting of the Philadelphia CWC at which Esther Holmes Jones spoke on "The International Situation Today and Its Relation to Foreign Trade."

Binghamton:

The Nov. dinner meeting of the Triple Cities CWC heard George T. Link, Vice Pres. of the Link Aviation Devices, talk on "Aviation's Part in National Defense."

The new officers, directors and committee chairmen of the Club for the current year

are as follows: *President*—Ruth J. Buckley, Olum Furniture Co.; *Vice Pres.*—Juanita Donahue, Powell Fuel Co.; *Treas.*—Katherine Gee, Whipple's, Inc.; *Sec.*—Thelma Cottrell, Triple Cities Credit Bureau; *Councillor*—Bess R. Havens, First National Bank. Directors are: Marie Patterson, Morris Plan Industrial Bank; Henrietta Space, Resnick's; Helen Neilson, Dr. M. S. Bloom; and Dorothy Couse, Briggs Motor Car Co.

Membership—Henrietta Space; *Sunshine*—Marguerite Kolb; *Program*—Helen Neilson; *Education*—Lucile Mielke; *Attendance*—Marie Patterson; *Publicity*—Dorothy Couse; *Employment*—Thelma Cottrell; and *Finance*—Katherine Gee.

Chicago:

At the Oct. meeting, our first president, Jo Hunt Hayes, installed the following new officers: *President*—Frances E. Sauer, Peerless Confection Co.; *Vice Pres.*, Bernice Rotter, Hanson Scale Company; *Recording Sec.*, Myrtle Bickelhaupt, Johnson Suture Corp.; *Corresponding Sec.*, Mary Olsen, Crown Rheostat & Supply Co.; *Financial Sec.*, Ruth C. Johnson, Century Metalcraft Corp.; *Treas.*, Mae E. Nyhan, Simonds Saw & Steel Co.

St. Louis:

Following an enjoyable "Association Night" meeting in Sept., featuring President Ed Henne and Bert Fisher as guest speakers, the St. Louis CWC sponsored a Style Show Party in Oct., held in the Versailles Room of Hotel Mark Twain. Guest privileges were extended to members and, in particular, prospective CWC members were invited to join the party and get better acquainted.

Margaret Hickey of Miss Hickey's Training School for Secretaries was guest speaker at the Nov. meeting, her subject being "Opportunities—Plus or Minus," and was enjoyed by all. A number of new members have joined the St. Louis CWC since the beginning of the 1940-41 season and Mem-

bership Chairman Hazel Adams and her committee promise to bring in more prospects at each meeting.

El Paso:

The El Paso CWC was hostess to the Albuquerque, N. M., group over the weekend of Nov. 23. A joint business meeting, sightseeing, dining, dancing, and general pleasure was the program. Alice R. Smith of the Tuttle Paint and Glass Co. is the El Paso President, and Lucille Carpenter of Baldrige Lumber Co. is the Albuquerque head.

Members from Albuquerque began arriving at noon on Saturday, the 23rd, and were entertained in the home of Mrs. Jim Vance, Office Mgr. of the Association's El Paso office and Sec.-Treas. of the El Paso Club. On Sat. night the two clubs enjoyed a ranchhands' chuck wagon supper at the Municipal Golf Club House and held their meeting immediately thereafter.

A cowboy dance, sponsored by the El Paso Zebras which is headed by Hilliard Bryan of the El Paso National Bank, followed the business meeting. Everyone attending the dance had to have some article of western attire as, for example, a ten gallon hat, a bright neckerchief, boots, or even a saddle. Sunday breakfast was served in the newly opened Dyal's Drive-Inn. Following this was the sightseeing trip conducted by Mary Rita Crowson, of the Paul Hammond Store Fixture Co. This trail led over the Scenic Drive on Mount Franklin, to Fort Bliss, the big army post just outside of the city, and finally to Juarez, Mexico.

After shopping and having lunch on the Mexican border, it was with regret that these two groups parted. The El Paso Club is the only one in Texas and has 20 members. Albuquerque is the only one in N. M. and has 17 members.

New York:

The annual Xmas Party of the N. Y. CWC is scheduled for Friday, Dec. 27. The group has been active in recent weeks in a counterpart of "Plus 40," known as "35 Plus." At the November meeting the members heard Marion Burton, member of the Advisory Committee of the Executive Women's Association, explain the work of the Association for women over 35, who at some time were earning \$2,000 a year or more, and who are now seeking employment.

The membership displayed much interest in this cooperative activity and is seriously considering lending its financial and moral support, as do the Soroptimists, and other important women's clubs. Similar movements have been organized in San Francisco, Los Angeles, and Philadelphia.

San Francisco:

The monthly meeting on Nov. 13 was addressed by Loo Kern, Manager of the San Francisco Telephone Exchange on the very interesting subject: "Chinese Credit Customs." Plans were discussed for the whist party to be held in Dec. under the auspices of the Club, and prizes were collected from members at this meeting as donations to the affair.



Officers four

Newark—The November meeting of the New Jersey CWC was held jointly with the N. J. ACM in the Hotel Douglas on Nov. 12 at which time the combined groups heard William Margulies, C.P.A., speak on the importance of studying the trends on comparison of financial statements.

At its October meeting the Club chose

the four women pictured above to lead it for the present year. They are l. to r.: *President*—Margaret Henahan, Chase Brass & Copper Co.; *Treas.*—Jean Hyde, U. S. Trust Co.; *Vice Pres.*—Gertrude Lohman, Tung Sol Lamp Works, Inc.; *Sec.*—Terry Cordasco, N. J. ACM. Committee chairmen were also appointed and plans were outlined for the annual Christmas Party at the Cadillac Restaurant on Dec. 17.

Obsolete Machinery May affect Credit

(Cont'd from p. 31) as much about all other industries. There are some which will bear close watching. Though they might continue to prosper to a reasonable degree with world conditions normal, they may not be able to survive under the abnormal conditions to be expected. It can be taken for granted that any industry, any individual business which fails to keep full step with progress, which continues to use that which is obsolete, be it machines, equipment or methods, has a hard road ahead of it.

Another factor which should not be overlooked in the case of obsolescence is taxes. The United States national debt has reached an all time high. There appears to be no better prospect of balancing the budget within the next few years than there was ten years ago.

Now, any old thing, be it an old automobile, an old machine in the factory, an old one in the office, an old delivery vehicle, an old set of store fixtures, requires more in the way of repairs than does something that is new. Also, the old will not give as good results as the new will. Usually the old, when it was new, did not give as good results as are obtainable from the new. Just so long, however, as the old is used it is taxed. There is a minimum assessment in each case for these old things. For example, there is a city which levies personal property taxes on automobiles. The minimum assessment is \$200. Even though the car cannot be sold for ten dollars, the owner has to pay taxes on a \$200 value as long as he uses it. Much the same holds true for virtually every old thing used in business and industry. As the tax burden increases this phase of obsolescence becomes increasingly important.

Machinery Caused Failure

It might happen that a business was using so much old stuff that the taxes on it forced it out of business. The danger in this direction is greater now than ever before. It is greater because the investment per employe is larger than it used to be which means there can be more old stuff in use and it is greater because taxes are higher and there appears to be no way to prevent them from going still higher.

In a city where it was the main industry a large manufacturing company went out of business a few years ago. Various reasons were given by the management, including high taxes. People who worked for that company, however, insisted that the high taxes would not have been such a burden had they not been paid on so much machinery which was not only badly out of date but worn out as well. That machinery, they insisted, was so great a liability that it put the company out of business.

A man opened a little store. He bought second hand fixtures and equipment, in so far as possible. He never bought anything new if he could help it. He never did make any money. A good part of the time he was not breaking even. It was only a matter of time before he was out of business.

The last man to own that store started with very little capital. From the very start, however, he bought just as much new equipment and needed machines as he could afford. Since he has been in business, he has probably completely replaced, on the average, everything in that store. His business has grown steadily. He now owns two other stores. There is no question that one reason for his success is that he is never using any old stuff which is more of a liability than an asset and, accordingly, is not paying any taxes on it. Another reason is that keeping the store so attractive and modern has attracted business, especially the better class of business on which he can make the most profit.

A little manufacturer stated that he had not reduced the number of employes on his payroll once since the start of the depression, that he had more people working for him now than before the depression started and that it was rare for him to operate less than full time. Also he said that it had been necessary to buy a lot of new machinery and to throw out the old to keep costs down and quality up where he could get enough business to keep busy. A further thing he did was to spend more time in his research laboratory solving problems in connection with his product for his customers.

Obviously, if a business concern does not keep replacing what it uses in its business, there is the matter of obsolete machinery and equipment to consider. It makes a lot of difference whether that obsolete machinery and equipment is carried on the books at

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Studebaker Corporation Designs New "Convertible" Desk Base

ON Research and straight-line production methods, both synonymous with automobile manufacturing, have combined in the development of an entirely new idea in office desks.

Called the "Convertible," the desk is streamlined in appearance and em-

placed with Stow-Davis by Studebaker. The automobile company, Mr. Tarr said, is not engaged in the manufacture or sale of the equipment.

Economy and efficiency in office maintenance and operation at Studebaker will result from use of the new-



"Convertible" desks as used in the Credit office

bodies all-purpose features which it was said have never before been available in office equipment. From a single base, through the use of different-sized tops and the typewriter platform, eleven different types of desks can be converted, one into the other. Left and right-hand installation of typewriter platforms is possible and drawer space is designed to permit the use either of six single drawers, two single drawers and two double file drawers or four single drawers and one double-file drawer—all transferable from one side to the other in upper or lower positions.

The "Convertible" was designed and perfected in the experimental shops of the office management division of The Studebaker Corporation. Studebaker devoted a year and a half to research and experimentation and designed the equipment for its own use. W. E. Tarr, Studebaker general office manager, and C. I. Center, office service manager, who directed the research, demonstrated the equipment at the AMA meeting. Stow-Davis Furniture Company, Grand Rapids, Michigan, co-operated in the production of the desk and, Mr. Tarr said, an order for a large number of bases and tops has been

type desk, Mr. Tarr told those at the meeting.

The "convertible" is of rugged steel and wood construction, with rounded solid walnut posts in all corners to eliminate dangers of torn clothing, splinters and other disadvantages of pointed surfaces. It rests on two "sled-runner" bases with dust panels under the pedestals. Desk tops are $1\frac{1}{4}$ and $1\frac{1}{2}$ inches thick, all corners and edges being rounded. The base is made of genuine American black walnut veneers with vertical grain. Heavy auto-body steel is used on frames and drawer bearers. Overall height from the floor is $28\frac{1}{2}$ inches, with the base itself $7\frac{1}{8}$ inches off the floor. The pedestal body has an overall length of 58 inches by $26\frac{3}{8}$ inches.

The "space-saving" stenographer top for the desk base is $26\frac{1}{8}$ by $58\frac{1}{2}$ inches. Mr. Tarr said that a standard 60 by 34 inch flat top desk occupies nearly 32 per cent more floor space than the one he demonstrated. The "junior-executive" or "special clerical" top measures $58\frac{1}{2}$ by $34\frac{1}{2}$ inches and this top overhangs the pedestal base by $8\frac{1}{2}$ inches. "This feature," Mr. Tarr said, "provides adequate facilities for interviewing or dictating."

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what is considered as use value, at what it is assessed by the tax collector or at its market value. The first two values are likely to be too high. The older what is being considered is, the farther above the real value is the book-keeping value or the assessment value. If there is not a depreciation fund which is at least equal to the difference between the actual market value and the original value assets have been reduced. The capital structure has been weakened and if this goes on it is only a matter of time before the concern goes out of business.

What of Railroads

There was a time when the railroads had a habit of issuing bonds to raise the money to buy rolling stock. These bonds might not be paid off till long after the rolling stock was worn out or discarded for some other purpose. To the degree a railroad followed this practice it was certain sooner or later to get into difficulties. It is quite possible that had a different obsolescence policy been followed, had the railroads met obsolescence costs out of earnings and had they been keener to search for and to use the new, discarding the old as soon as new and better was obtain-

able, they might have been in a better position to meet competition from other forms of transportation when that competition developed.

In certain of our older industrial centers entire industries have almost completely moved away. It is significant that when we examine the plants of the companies which have liquidated in the old centers we find them so often housed in buildings so old that they are obsolete for manufacturing purposes while the new companies in other sections are occupying new and thoroughly modern buildings. The old companies were also using obsolete machinery, the new ones the most modern machinery.

An eastern manufacturer of stoves housed in old buildings found competition so keen he finally decided to liquidate the business. An allied and old company agreed to take over the gas range department. Instead of building a thoroughly modern manufacturing plant and equipping it with the most modern machinery, it attempted to do the manufacturing in an old building not adapted to the purpose. It was not long before it discovered it was impossible to compete with the middle western manufacturers with their modern and efficient manufacturing plants. The making of gas ranges had to be discontinued.

Modernizing and Credit

Always, the renewal of equipment policy of any business concern has an important bearing upon its future ability to pay its bills. To-day and during the years to come it may have a more vital bearing upon this ability than ever before. Not only is there the home competition to consider but also the competition from other parts of the world. It should not be forgotten that, though our own manufacturers, our own business men may not buy new things for use in the business, manufacturers and business men in other countries are buying them.

This war is bound to increase the efficiency of manufacturing and of doing business, of developing markets, on the part of other nations to a greater degree than it has ever been realized in the past. Unless the credit grantor gives close attention to the renewal policies of those to whom he extends credit he is very likely to suffer losses which would have been prevented had he given more attention to this phase of the competitive position of his customers.

Letters to the Editor

October 12, 1940.

National Assoc. of Credit Men
1 Park Avenue
New York City, New York
Attention: Richard Tobin

Gentlemen:

In your October issue of "Credit and Financial Management" you quote a letter received from the Joyce-Cridland Co., relative to receipted prepaid freight bills.

While we admit furnishing the receipted prepaid freight bills with the invoices on which the freight is added, is somewhat of a nuisance, we have eliminated most of the difficulty by insisting that the truck lines (railroad company) which gets the shipment must issue the prepaid freight bills in duplicate the same day they get the shipment, so we can receive it the next day. The original can then be used to substantiate the charge on the invoice and the duplicate used by the accounting department for payment.

We then receipt the originals with our own paid stamp so that when invoice goes forward the next business day the receipted prepaid freight bill goes along with it.

This method eliminates objections No. 1-2-3, and the most of No. 4.

In handling in this way, however, there is one feature which has to be carefully watched. That is the possibility of paying twice for freight on the same shipment. We eliminate this hazard by inserting on our memorandum copy of the bills of lading the prepaid freight bill number. In that way if we are re-billed later on, we do not pay the same charge the second time.

Yours truly,

E. A. ZILMER

By EDWIN A. ZILMER
1033 W. 6th Street
Waterloo, Iowa

The motor car looks a lot slicker than it did a few years ago. It has better lines, more gadgets for convenience, greater comfort.

But you notice they still put in motors. And those motors have been getting better all the time, too. Witness their pick-up, speed and hill climbing.

Gadgets and appearance make the automobile attractive, but the motor makes it go.—*Printers' Ink.*

Annual Contracts for Washington Service approved by Board

(Cont'd from P. 15)

will represent an excellent investment on the part of each local Association. There is no doubt that in almost every Association a large number of members are able to use the Washington Service Bureau to a considerable extent and almost all members should be able to use it occasionally. By contributing to the cost of maintaining the service the local Associations will be responsible for providing this valuable service directly to their members. Local Associations which purchase annual Service Contract will undoubtedly wish to urge their members to use the service even more extensively so that they will receive the full benefits of the service.

This plan will be put into effect on May 1, 1941. Prior to that time the details of the plan will be presented for consideration by the Board of Directors of local Associations and they will be given an opportunity to secure an annual service contract for their Associations. *After May 1, 1941, the services of the Washington Service Bureau will be made available only to members of local Associations which have acquired such service contracts.* It would obviously be unfair to render the service to members of Associations which do not contribute to the maintenance of the service.

At the proper time the entire Association will be notified concerning the Associations which have acquired service contracts. This will be done to avoid any possible misunderstanding with regard to the availability of the service after the plan has been put into operation.

It shall be pointed out that, through this arrangement, the National Association of Credit Men will continue to be able to render to its members a valuable service in Washington at a fraction of the cost which members would have to pay for obtaining a similar service by other means. The savings which a great many member firms have been able to make as a result of using this service are clearly shown in the many letters which have been received from members. It is confidently believed that the entire Association membership will endorse the policy approved by the Association's National Board of Directors and thereby make

possible the maintenance of a most valuable Association service.

Credit Features of Defense Orders

(Cont'd from P. 27)

The lease agreement between the Defense Plant Corporation and the lessee company contains sufficient authority for the lessee to place the orders necessitated by the program. In addition, in the lease agreement there is a provision that the Defense Plant Corporation will give to the lessee further evidence, if requested, of the lessee's authority to place orders on behalf of the Defense Plant Corporation. The Defense Plant Corporation has adequate funds to meet all obligations which it authorizes lessees to assume.

Any firm which receives an order from a lessee with the Defense Plant Corporation and which desires to satisfy itself with regard to the credit risk involved, can do one of two things. First, it can request the lessee company to present a copy of the lease agreement which evidences the obligation of the government. Secondly, it can request the lessee to obtain from the Defense Plant Corporation the necessary letter containing assurances that the lessee has the authority to make the purchase. The Defense Plant Corporation feels that either course will provide adequate assurance that the lessee not only has the authority to place the order but that the Defense Plant Corporation is obligated for the payment. It also feels that the former course is sufficient and will prevent delays in the defense program.

The Association's Washington office, 815 Bowen Building, 815-15th Street, N. W., Washington, D. C., will be glad to obtain information from the Defense Plant Corporation which is desired by members which receive orders in connection with this part of the defense program.

Heavy Glass Loss

Adjusting offices are still receiving reports of claims following the heavy windstorm which swept across the North Central States November 11. One office is reported to have received more than 50,000 notices. Companies with extensive operations in the stricken States now place the estimate at 100,000 insurance claims. Heaviest hit in proportion to the coverage carried are the plate glass carriers.

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The Business Thermometer:

October rise noted in sales, inventories, collections

Manufacturing:

EN New orders placed with manufacturers in October were heavier than in any month since the outbreak of the war, according to the Department of Commerce. The Department's index of new orders rose to 173 for the month, an increase of 5 percent over the previous peak for the year, reached in September, and one-third greater than the August volume.

The October gain in incoming business was concentrated in the durable goods industries which showed a substantial rise of more than 10 percent over September. Orders for nondurable goods held about even.

Manufacturers' shipments increased slightly, the composite index for all industries rising to 149 from the previous high of 145, reached in September. The durable goods group more than accounted for the advance, with shipments running 8 percent ahead of September. This comparison was bolstered by a gain of over 50 percent in factory shipments of automobiles and parts, the remainder of the durable goods lines showing no appreciable increase. Shipments of nondurable goods were off about 3 percent.

For the first time since the current industrial expansion began in May a substantial inventory accumulation occurred in October. The Department's index of the value of manufacturers' inventories rose from 111.6 at the end of September to 113.9 at the end of October. The rise was about equally distributed between the durable and nondurable goods groups. While almost all industries participated in the rise, outstanding increases were recorded by the defense industries.

The Department pointed out that the

October increase reflects in part the larger volume of stocks associated with an expanding production rate. However, the magnitude and general character of the move indicates a lengthening of commitments during the past few months.

Near term prospects were further strengthened by a heavy increase of 20 percent in unfilled orders during October. This gain, coming on top of the rise of 60 percent recorded over the previous four months foreshadows a continuation of the upward trend of manufacturing production.

Preliminary indexes for October were as follows:

Index of Value of:	1940		1939
	October (prel.)	Sept.	October (prel.)
New orders.....	173	164	142
Shipments.....	149	145	132
Inventories	113.8	111.6	100.1

Wholesaling:

Sales of wholesalers, based upon reports from 2,890 firms representing all parts of the country, were 10 percent greater in October than during the same month a year ago, it was announced by William L. Austin, Director, Bureau of the Census. Last month, there was reported a decrease in September of 5 percent from September 1939. September followed a period of 21 months in each of which sales had exceeded those of the comparable month of the earlier year.

The gain in October of this year, 10 percent, exceeds the increase of 6 percent reported for the first three-quarters of 1940 over the same 9 months of 1939. Retail sales of 23,143 independent stores in October were 8 percent above October 1939

according to another monthly survey of the Bureau of the Census.

The cost value of inventories on hand at the end of October for 1,843 wholesalers was up from the beginning of the month (1%) and was 6 per cent over October, 1939. October is the fifteenth consecutive month in which the dollar volume of inventories was at a higher level than in the corresponding month of the year before.

In 20 of the lines for which data are reported, inventories showed a tendency to hold at a lower level than sales, in comparison with October 1939, and in 12 lines inventories increased more (or decreased less) than the percentage change in sales. The fall in inventory and the rise in sales of wholesalers of foodstuffs caused an unusually sharp drop in the stock-sales ratio, from October 1939 for these wholesalers. As a whole, the stock-sales ratio fell from 155 in October 1939 to 147 in October 1940.

Collections on accounts receivable during October 1940 for 2,448 wholesalers rose from the level of the previous month of 1940 and the same month in 1939. The collection ratio in October 1940 was 73 while in October 1939 and September 1940, these same establishments reported 72 percent and 68 percent of accounts receivable were collected.

These collection ratios usually remain relatively constant. October is the third month this year recording better collections than during the comparable month of 1939. Three months have shown no change and four months have reported as showing slower collections. In 1939 only one month, December, fell below 1938. Accounts receivable were 3 percent greater on October 1, 1940 than at the same time in 1939 and 5 percent greater than on September 1, 1940.

Index of the Value of Manufacturers' Inventories* (December 31, 1938=100)

Industry	1940										1939				
	Sept. (r)	Aug.	July	June	May	Apr.	Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	Sept. (r)	Aug.	
TOTAL, ALL INDUSTRIES.....	111.6	110.4	108.9	108.2	108.6	108.9	109.8	110.0	109.3	107.3	104.6	101.3	96.6	95.5	
Total, Durable Goods.....	117.4	114.5	111.2	111.1	111.2	111.4	112.5	112.7	112.1	110.3	107.2	103.3	98.2	96.1	
Total, Nondurable Goods.....	105.5	106.0	106.4	105.2	105.8	106.2	106.8	107.0	106.2	104.1	101.8	99.1	94.9	94.9	
Durable Goods															
Iron and Steel and Their Products.....	121.1	120.1	119.1	116.3	113.6	110.8	111.1	111.8	112.0	111.9	111.0	106.8	102.5	102.2	
Transportation Equipment (except Automobiles).....	207.8	194.7	185.2	174.4	164.9	160.4	165.6	167.0	153.1	145.1	131.5	114.5	109.3	105.8	
Electrical Machinery.....	116.7	115.5	115.6	115.6	116.5	114.9	114.5	111.7	108.3	103.9	95.4	90.3	91.9	94.4	
Other Machinery.....	112.2	110.7	110.8	110.0	110.6	110.9	112.4	111.9	109.5	106.1	102.2	99.3	96.2	96.1	
Automobiles and Equipment.....	120.2	104.9	80.8	89.5	98.9	108.5	112.1	115.6	118.4	117.3	116.6	113.0	93.4	76.0	
Other Durable Goods.....	104.1	104.5	105.7	106.7	107.0	107.8	108.7	107.8	108.1	106.2	102.0	99.4	96.6	97.3	
Nondurable Goods															
Food and Kindred Products.....	99.8	101.7	100.6	97.1	97.5	98.4	100.5	102.5	103.9	106.0	104.8	101.7	94.5	93.8	
Textile-Mill Products†.....	115.0	114.9	118.5	118.5	—	—	—	—	—	—	—	—	99.9	97.4	
Paper and Allied Products.....	108.4	107.1	104.5	104.0	104.9	106.6	108.0	107.1	105.7	102.2	98.1	94.8	92.5	93.2	
Chemicals and Allied Products.....	110.7	112.4	111.7	111.3	111.1	111.5	111.1	109.8	106.0	102.8	96.6	93.5	94.2	96.4	
Petroleum Refining.....	99.0	98.3	98.3	96.3	97.1	95.5	94.8	93.8	91.6	92.6	92.7	92.3	91.0	91.5	
Rubber Products.....	125.5	124.0	120.5	116.7	122.2	120.7	119.6	118.1	113.8	111.8	102.2	97.2	98.7	98.4	
Other Nondurable Goods†.....	100.3	100.8	104.1	104.6	105.3	106.0	107.3	108.8	108.7	102.4	100.0	96.0	94.4	96.2	

* Figures relate to the end of each month.

† Comprehensive data for October 1939 through May 1940 not yet available.

‡ Entire series revised by removal of data for textile industry.

(p) Preliminary

(r) Revised

WHOLESALESAERS' accounts receivable and collections, October 1940

Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		October 1940	October 1939	September 1940	Percent change October 1940 from		As of October 1, 1940 (000's)
					October 1939	September 1940	
Automotive supplies.....	151	58	61	59	+ 5	+ 9	3,836
Chemicals (industrial).....	21	77	85	74	- 1	- 2	1,077
Paints and varnishes.....	33	52	50	48	+ 1	- 1	1,310
Clothing and furnishings, except shoes.....	45	50	48	41	+ 3	+ 8	6,439
Shoes and other footwear.....	33	52	51	38	- 4	+ 5	12,763
Coal.....	11	81	88	81	+17	+13	1,589
Drugs and sundries (liquor excluded).....	116	68	67	66	+ 5	+ 7	22,206
Dry goods.....	101	46	45	40	- 3	+ 7	24,424
Electrical goods.....	327	71	69	69	+ 8	+ 1	28,874
Dairy and poultry products.....	13	129	126	119	+ 2	+ 2	1,186
Fresh fruits and vegetables.....	51	146	140	136	- 3	- 8	808
Farm supplies.....	7	71	63	67	- 4	- 7	300
Furniture and house furnishings.....	61	59	54	51	- 1	+ 8	7,709
Groceries and foods, except farm products.....	513	103	97	95	- 6	+ 4	41,575
Full-line wholesalers.....	257	94	90	87	+ 3	+ 4	18,164
Voluntary-group wholesalers.....	148	107	101	98	- 7	+ 4	15,005
Retailer-cooperative warehouses.....	19	168	154	160	- 1	+ 8	1,959
Specialty lines.....	89	100	92	89	-12	+ 2	6,447
Confectionery.....	16	78	77	77	+ 2	+13	346
Meats and Meat products.....	70	179	170	160	- 2	- 5	7,627
Beer.....	15	79	83	83	+ 3	- 8	98
Wines and liquors.....	24	78	79	65	+ 4	+ 3	5,537
Liquor department of other trades.....	35	82	84	77	- 1	+18	4,389
Total hardware group.....	395	61	61	56	+13	+ 5	55,806
General hardware.....	136	55	56	48	+13	+ 5	35,958
Heavy hardware.....	24	95	82	88	+15	+11	2,440
Industrial supplies.....	126	73	72	71	+15	+ 2	9,686
Plumbing and heating supplies.....	109	66	62	62	+12	+ 8	7,722
Jewelry.....	37	17	18	20	+17	+25	7,416
Optical goods.....	26	61	59	62	- 1	+ 2	419
Lumber and building materials.....	34	78	72	72	+10	+ 4	3,934
Machinery, equipment and supplies, except electrical.....	50	53	55	53	+ 9	- 3	3,670
Surgical equipment and supplies.....	28	50	48	50	+ 4	+ 4	1,231
Metals.....	19	83	79	74	+13	+ 8	2,174
Paper and its products.....	83	62	61	57	- 1	+ 3	9,221
Petroleum.....	7	146	135	144	- 7	+ 1	514
Tobacco and its products.....	92	121	114	117	+ 1	+ 1	5,937
Leather and shoe findings.....	9	43	42	39	-14	0	180
Miscellaneous.....	25	130	101	95	+ 6	+10	4,376
United States.....	2,448	73	72	68	+ 3	+ 5	\$266,971

*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

†Less than 0.5 percent.

WHOLESALESAERS' sales and inventories, October 1940

Kind of Business	Dollar Sales			End of Month Inventories (Cost)			Stock-Sales Ratio*		
	Number of firms reporting sales	Percent change October 1940 from		Number of firms reporting stocks	Percent change October 1940 from		Oct. 31, 1940 (000's)	October 1940	October 1939
		October 1939	Sept. 1940		October 1939	Sept. 1940			Sept. 1940
Automotive supplies.....	207	+ 3	+11	109	+ 4	+ 1	4,560	198	204
Chemicals (industrial).....	21	- 5	+12	13	- 1	0	434	71	69
Paints and varnishes.....	35	+ 6	+10	14	0	- 1	849	167	176
Clothing and furnishings, except shoes.....	47	+ 3	-28	26	- 7	- 9	1,088	126	134
Shoes and other footwear.....	36	+ 8	+ 8	23	+ 6	- 9	5,515	104	99
Coal.....	11	-16	+ 2	—	—	—	—	—	—
Drugs and sundries (liquor excluded).....	128	+10	+ 9	101	+ 3	+ 2	27,144	179	192
Dry goods.....	112	- 6	- 1	64	- 3	- 4	16,529	183	181
Electrical goods.....	351	+15	+ 9	302	+12	- 1	24,002	113	116
Dairy and poultry products.....	14	+14	+21	7	+ 8	-28	617	57	62
Fresh fruits and vegetables.....	70	+ 5	+21	46	+16	+15	590	41	38
Farm supplies.....	9	- 1	-10	—	—	—	—	—	—
Furniture and house furnishings.....	71	+ 6	+11	43	+ 2	- 1	7,071	186	191
Groceries and foods, except farm products.....	647	+12	+ 9	391	- 4	+ 5	51,843	144	169
Full-line wholesalers.....	338	+13	+ 8	185	- 2	+ 6	24,202	169	194
Voluntary-group wholesalers.....	177	+11	+ 9	126	- 6	+ 5	19,708	150	179
Retailer-cooperative warehouses.....	23	+17	+10	13	- 7	+ 8	3,695	126	155
Specialty lines.....	109	+12	+17	67	+ 1	+ 3	4,238	76	88
Confectionery.....	25	+11	+ 5	13	+ 2	+ 4	194	71	80
Meats and meat products.....	84	+ 2	+ 7	66	- 2	- 2	3,875	42	46
Beer.....	35	+ 5	- 7	23	+16	- 3	100	40	37
Wines and liquors.....	28	+ 8	+ 8	21	+56	+ 2	9,160	204	138
Liquor department of other trades.....	42	+12	+19	39	+37	+ 3	8,322	210	173
Total hardware group.....	421	+17	+15	273	+10	+ 1	57,122	195	208
General hardware.....	147	+12	+11	94	+10	- 1	38,870	231	237
Heavy hardware.....	26	+20	+17	17	+27	+ 4	3,616	156	146
Industrial supplies.....	138	+23	+22	93	+ 8	+ 2	10,983	155	185
Plumbing and heating supplies.....	110	+26	+21	69	+11	+ 3	3,653	118	135
Jewelry.....	44	+ 6	- 1	26	+10	+ 3	4,218	210	207
Optical goods.....	30	+ 2	- 3	17	+ 9	+ 1	211	134	129
Lumber and building materials.....	35	+17	+17	27	+ 6	+ 1	2,678	93	103
Machinery, equipment and supplies, except electrical.....	57	+14	+18	33	+11	+ 3	3,666	191	199
Surgical equipment and supplies.....	29	+15	+10	16	+11	+ 2	782	158	171
Metals.....	19	+ 5	+14	11	+18	- 2	1,747	157	161
Paper and its products.....	96	- 1	+ 7	52	+ 5	- 3	5,094	139	136
Petroleum.....	9	- 3	+ 7	7	-17	- 4	490	52	61
Tobacco and its products.....	139	+ 8	+ 6	51	+ 8	+ 2	2,707	65	65
Leather and shoe findings.....	10	- 3	+15	—	—	—	—	—	—
Miscellaneous.....	28	+29	+40	29	+ 1	- 1	7,954	117	148
United States.....	2,890	+10	+10	1,843	+ 6	+ 1	\$249,062	147	155

*These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

†Less than 0.5 percent.

‡Not affiliated with voluntary or cooperative groups.

—Insufficient data to show separately.

†Chiefly of the wholesale drug trade.

WHOLESALESAERS' accounts receivable and collections, by geographic divisions, October 1940

Geographic Division Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		October 1940	October 1939	September 1940	Percent change October 1940 from		As of October 1, 1940 (000's)
					October 1939	September 1940	
New England.....	154	82	79	79	+ 1	+ 4	\$14,285
Drugs and sundries (liquor excluded).....	6	56	58	56	+ 9	+ 5	1,254
Electrical goods.....	29	76	76	72	+ 9	+ 2	1,810
Groceries and foods, except farm products.....	20	89	85	84	-11	+ 1	1,929
Meats and meat products.....	8	199	170	179	- 8	- 5	1,540
Industrial supplies.....	16	69	65	66	+16	+ 8	872
Plumbing and heating supplies.....	7	66	47	53	+ 1	+10	388
Tobacco and its products.....	11	126	112	130	- 5	+ 5	1,159
Middle Atlantic.....	562	81	78	73	+ 3	+ 6	62,718
Automotive supplies.....	23	47	52	50	+ 8	+ 8	805
Clothing and furnishings, except shoes.....	19	50	48	42	+ 4	+ 7	4,973
Shoes and other footwear.....	10	42	41	33	- 6	+ 7	2,272
Drugs and sundries (liquor excluded).....	19	60	61	59	+ 4	+ 8	5,323
Dry goods.....	41	54	51	47	- 2	+ 7	5,502
Electrical goods.....	68	77	75	75	+17	+ 4	5,825
Fresh fruits and vegetables.....	11	238	208	193	- 3	- 2	141
Furniture and house furnishings.....	22	58	56	52	- 1	+12	2,321
Groceries and foods, except farm products.....	79	111	101	101	-10	+ 5	6,788
Meats and meat products.....	18	186	191	168	- 3	-10	2,804
Wine and liquors.....	5	81	79	65	+ 1	+ 3	3,002
General hardware.....	27	49	48	44	+10	+ 7	4,079
Heavy hardware.....	9	90	88	86	+14	+ 5	1,108
Industrial supplies.....	38	75	72	71	+14	+ 1	2,802
Plumbing and heating supplies.....	42	64	65	60	+14	+10	2,060
Jewelry.....	11	23	19	24	+16	+29	1,010
Paper and its products.....	28	58	58	54	+ 2	+ 5	4,080
Tobacco and its products.....	22	125	116	120	+ 2	+ 4	1,426
East North Central.....	491	76	75	71	+ 7	+ 6	48,930
Automotive supplies.....	46	70	75	67	+ 9	+10	866
Paints and varnishes.....	12	48	43	45	- 3	- 4	590
Clothing and furnishings, except shoes.....	10	58	60	45	- 3	+17	585
Drugs and sundries (liquor excluded).....	23	81	79	80	+ 5	+ 3	3,411
Electrical goods.....	64	64	67	65	+14	+ 2	6,514
Groceries and foods, except farm products.....	97	107	99	97	- 5	+ 8	8,555
Meats and meat products.....	18	165	153	136	+ 1	+ 3	1,310
General hardware.....	22	57	60	51	+11	+ 6	3,305
Industrial supplies.....	26	84	73	77	+18	- 1	2,350
Plumbing and heating supplies.....	17	72	63	67	+ 3	+ 7	1,280
Jewelry.....	11	17	18	21	+19	+29	2,964
Lumber and building materials.....	8	81	77	77	+22	+11	781
Machinery, equipment and supplies, except elect.....	10	76	74	74	+32	+11	535
Surgical equipment and supplies.....	7	56	51	55	+ 9	+ 3	642
Metals.....	8	84	83	73	+18	+ 8	910
Paper and its products.....	23	65	63	57	- 4	- 5	2,834
Tobacco and its products.....	25	124	116	117	+ 1	+ 1	1,475
West North Central.....	258	62	62	55	+ 3	+ 5	46,424
Automotive supplies.....	11	54	61	56	+ 4	+10	658
Clothing and furnishings, except shoes.....	6	38	35	32	+ 8	+23	392
Shoes and other footwear.....	5	58	58	42	- 4	+ 5	7,476
Drugs and sundries (liquor excluded).....	14	69	67	68	+ 1	+ 7	2,651
Dry goods.....	10	40	41	33	- 2	+ 4	10,270
Electrical goods.....	35	64	58	63	-12	- 1	2,837
Furniture and house furnishings.....	10	69	58	55	- 4	+10	2,393
Groceries and foods, except farm products.....	63	111	107	104	- 2	+ 5	5,006
General hardware.....	11	52	60	42	+43	+ 5	7,485
Industrial supplies.....	11	64	60	51	+ 7	- 5	705
Plumbing and heating supplies.....	10	63	58	57	+ 9	+ 8	960
Machinery, equipment and supplies, except elect.....	7	62	58	61	+ 2	- 1	590
Tobacco and its products.....	6	158	168	157	+ 6	- 2	393
South Atlantic.....	279	69	65	64	+ 5	+ 6	23,167
Automotive supplies.....	13	63	64	62	+ 9	+12	480
Drugs and sundries (liquor excluded).....	19	61	63	56	+11	+ 6	2,259
Dry goods.....	10	45	40	40	- 4	+20	2,048
Electrical goods.....	49	72	67	68	+ 6	- 2	4,528
Fresh fruits and vegetables.....	10	114	105	104	- 8	- 9	207
Groceries and foods, except farm products.....	67	105	95	94	- 1	+ 1	3,370
Meats and meat products.....	8	163	145	153	- 6	- 2	378
General hardware.....	25	51	48	41	+ 3	+ 8	3,850
Industrial supplies.....	9	69	74	70	+ 6	- 2	542
Plumbing and heating supplies.....	18	62	56	57	+19	+ 9	1,667
Paper and its products.....	8	63	59	58	+ 6	+10	603
Tobacco and its products.....	6	96	92	87	+11	- 1	279
East South Central.....	116	64	61	57	+ 2	+ 6	12,299
Drugs and sundries (liquor excluded).....	11	67	66	64	+ 6	+10	1,883
Dry goods.....	12	42	41	35	- 5	+18	2,296
Electrical goods.....	10	69	71	69	+11	- 8	815
Groceries and foods, except farm products.....	31	87	92	76	+ 2	+ 2	1,910
General hardware.....	10	53	49	44	+ 7	+ 2	2,362
Industrial supplies.....	8	99	64	71	-11	+ 1	407
West South Central.....	204	72	75	68	+ 3	+ 5	18,306
Drugs and sundries (liquor excluded).....	12	69	68	67	+ 2	+ 7	2,161
Electrical goods.....	33	76	76	75	+ 2	+ 4	2,099
Groceries and foods, except farm products.....	88	89	92	83	+ 1	+ 3	5,738
Liquor department of other trades.....	7	111	134	90	+18	+10	423
General hardware.....	15	59	64	53	+ 2	+ 8	2,528
Industrial supplies.....	5	75	98	64	+30	+17	1,118
Machinery, equipment and supplies, except elect.....	5	29	30	27	+ 8	- 5	1,281
Mountain.....	106	77	78	77	+ 1	+ 2	7,767
Automotive supplies.....	9	60	56	65	- 2	+ 4	187
Drugs and sundries (liquor excluded).....	5	59	62	61	+11	+ 6	564
Electrical goods.....	13	64	74	67	+ 9	0	1,019
Groceries and foods, except farm products.....	28	94	90	91	- 9	+ 6	1,823
General hardware.....	5	59	63	54	+ 4	+ 7	659
Pacific.....	278	74	72	71	+ 1	+ 3	33,075
Automotive supplies.....	38	58	59	64	- 5	+ 4	550
Shoes and other footwear.....	7	44	47	36	- 2	- 5	514
Dry goods.....	12	65	60	60	- 9	+ 3	1,515
Electrical goods.....	26	73	70	71	+ 9	+ 2	3,427
Furniture and house furnishings.....	11	56	55	55	+ 3	+ 2	1,226
Groceries and foods, except farm products.....	40	106	95	98	-13	+ 6	6,456
Meats and meat products.....	8	178	159	161	- 9	-11	469
Wine and liquors.....	5	79	82	67	- 1	- 5	1,217
General hardware.....	16	60	55	57	+ 6	+ 3	6,060
Industrial supplies.....	11	49	55	57	+20	+ 6	814
Plumbing and heating supplies.....	9	78	74	78	+26	+ 3	1,007
Lumber and building materials.....	11	73	62	66	+17	+ 1	894
Machinery, equipment and supplies, except elect.....	11	51	53	49	+15	-12	454
Tobacco and its products.....	12	105	104	96	- 1	- 4	915

*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

†Less than 0.5 percent.

‡Chiefly of the wholesale drug trade.

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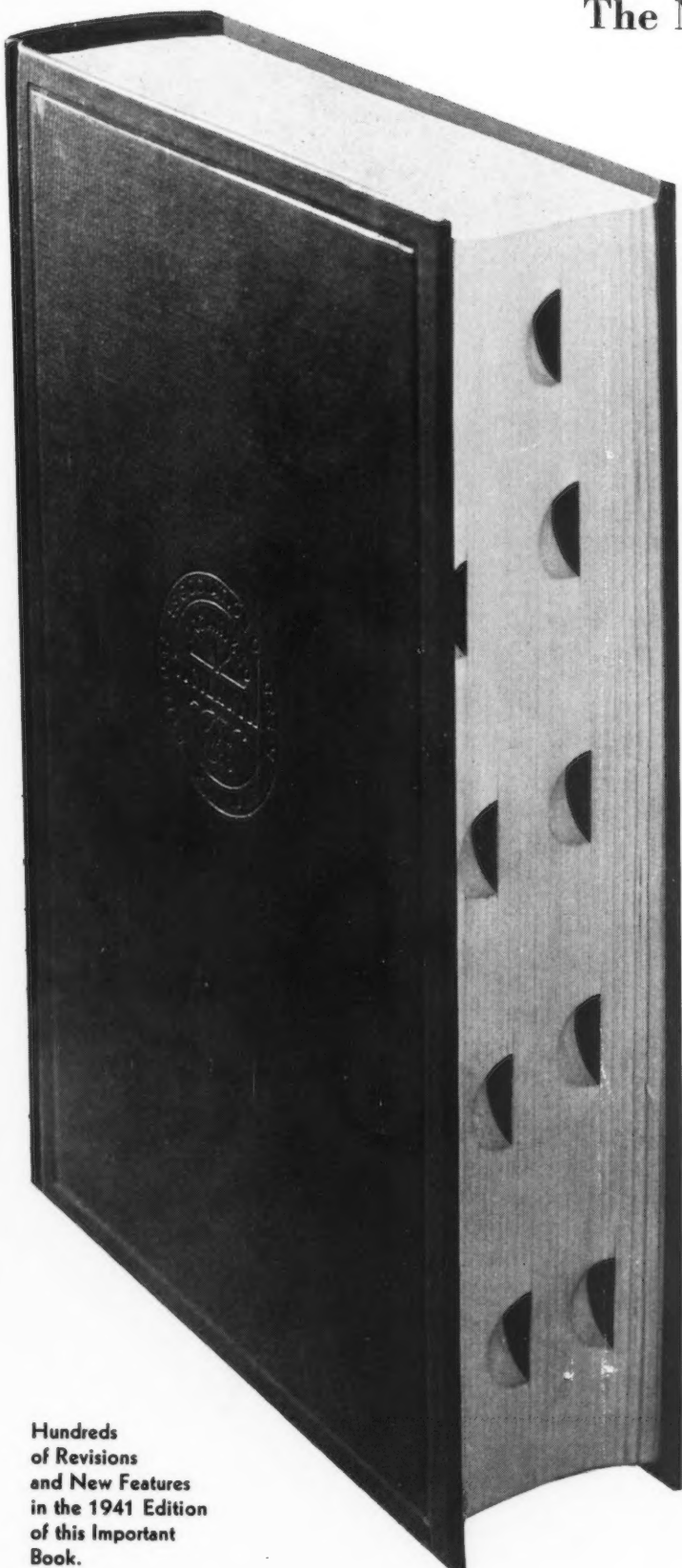
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WHOLESALESALES' sales and inventories, by geographic divisions, October 1940

Geographic Division and Kind of Business	Dollar Sales				End of Month Inventories (Cost)				Stock-Sales Ratio*		
	Number of firms reporting sales	Percent change October 1940 from		October 1940 (000's)	Number of firms reporting stocks	Percent change October 1940 from		Oct. 31, 1940 (000's)	October 1940	October 1939	Sept. 1940
		October 1939	Sept. 1940			October 1939	Sept. 1940				
New England.....	173	+15	+18	\$14,083	114	+7	+1	\$10,175	104	114	125
Drugs and sundries (liquor excluded).....	6	+19	+8	805	6	+14	+7	1,271	158	164	159
Electrical goods.....	32	+32	+29	1,754	27	+5	-5	1,527	91	115	124
Groceries and foods, except farm products.....	26	+10	+14	2,137	15	+1	+5	1,348	176	194	191
Meats and meat products.....	9	+17	+30	3,308	8	+11	-4	645	21	22	29
Industrial supplies.....	18	+33	+18	786	12	+14	+3	1,320	217	253	224
Tobacco and its products.....	13	+5	+8	1,723	5	+10	+2	195	63	61	66
Middle Atlantic.....	654	+7	+9	60,192	398	+12	+2	51,717	131	131	146
Automotive supplies.....	26	+2	+32	739	16	+1	+3	960	206	230	266
Clothing and furnishings, except shoes.....	20	+7	-33	2,126	9	-11	-9	530	113	130	111
Shoes.....	10	-9	-18	762	5	+1	-1	1,098	173	158	145
Drugs and sundries (liquor excluded).....	19	+7	+8	3,612	16	+4	+5	4,145	149	155	154
Dry goods.....	45	-11	+1	3,335	24	-9	-3	2,664	164	161	171
Electrical goods.....	72	+19	+10	4,860	63	+12	+6	4,630	104	113	108
Fresh fruits and vegetables.....	18	+4	+29	2,080	11	+19	+35	113	29	26	26
Furniture and house furnishings.....	25	+5	+16	1,669	15	+14	+2	1,753	141	140	168
Groceries and foods, except farm products.....	101	+13	+13	9,342	52	-7	+8	6,563	120	147	125
Meats and meat products.....	22	-13	-8	4,755	18	+5	+2	797	58	44	49
Beer.....	10	+3	-5	114	5	+7	-12	15	29	27	31
General hardware.....	31	+5	+20	2,775	15	+4	+2	3,380	224	231	258
Heavy hardware.....	10	+26	+20	1,209	9	+33	+5	2,572	219	207	249
Industrial supplies.....	42	+20	+18	2,532	31	+10	+1	3,167	148	165	175
Plumbing and heating supplies.....	42	+13	+17	1,552	30	+13	+3	1,145	106	110	124
Jewelry.....	15	+13	+2	927	10	+16	+7	1,443	227	198	201
Paper and its products.....	35	+1	+20	3,018	19	+8	-1	2,648	126	122	158
Tobacco and its products.....	32	+9	0	2,020	12	+8	+10	598	59	59	49
East North Central.....	569	+9	+9	44,826	370	+2	+1	43,949	140	150	152
Automotive supplies.....	51	+7	+18	959	31	+7	+1	1,390	194	187	225
Paints and varnishes.....	12	+6	+11	313	5	+1	+1	287	115	122	132
Clothing and furnishings, except shoes.....	11	-11	+3	347	7	-9	-3	285	140	146	143
Drugs and sundries (liquor excluded).....	25	+9	+8	3,254	18	+5	+1	3,967	154	162	167
Electrical goods.....	70	+6	+6	4,635	56	+6	-4	4,496	114	112	125
Fresh fruits and vegetables.....	12	+9	+4	329	9	-5	+8	123	55	64	52
Groceries and foods, except farm products.....	116	+12	+7	11,540	72	-2	+3	10,233	149	172	152
Meats and meat products.....	22	+9	+16	2,559	19	-8	-2	988	46	54	54
Beer.....	12	+8	-4	151	11	+23	+8	54	39	34	34
General hardware.....	24	+9	+13	5,365	19	+1	-1	10,261	203	221	234
Industrial supplies.....	27	+31	+21	2,274	19	+8	+4	2,176	115	142	134
Plumbing and heating supplies.....	17	+22	+14	1,032	9	+3	-3	567	166	195	179
Jewelry.....	13	+1	-5	1,170	6	+7	-3	1,017	174	175	168
Lumber and building materials.....	8	+36	+11	647	6	+1	+3	341	75	98	77
Machinery, equipment and supplies, except electrical.....	10	+27	-2	409	8	-6	-2	243	83	102	76
Surgical equipment and supplies.....	8	+26	+1	418	5	+7	+1	425	121	145	134
Metals.....	8	-3	+14	774	4	+24	+2	697	217	186	242
Paper and its products.....	23	-4	+2	1,901	13	+3	-14	890	128	116	131
Tobacco and its products.....	37	+10	+8	2,728	13	+9	-2	720	55	55	61
West North Central.....	303	+6	+3	30,574	213	+5	-2	42,517	163	164	171
Automotive supplies.....	17	-5	+10	531	9	+5	+2	572	220	192	233
Drugs and sundries (liquor excluded).....	14	+9	+9	2,066	12	+6	-1	2,956	175	180	194
Dry goods.....	10	-6	-2	4,530	9	-5	-4	7,878	177	176	182
Electrical goods.....	37	+1	+3	1,976	34	+2	-3	2,401	127	126	136
Furniture and house furnishings.....	10	-7	-2	1,451	8	-2	-6	3,052	215	205	226
Groceries and foods, except farm products.....	77	+16	+11	6,518	56	-6	+5	9,266	178	216	184
Beer.....	8	0	-12	36	4	+7	0	16	55	58	52
General hardware.....	11	+23	+6	3,696	10	+33	-2	7,727	221	205	239
Industrial supplies.....	12	+18	+2	567	6	+14	+2	608	188	192	214
Plumbing and heating supplies.....	10	+14	+13	756	5	-5	+2	293	110	125	114
Machinery, equipment and supplies, except electrical.....	8	-9	-8	354	4	-1	+10	162	120	155	128
Paper and its products.....	8	-4	+1	167	4	-4	0	180	269	231	281
Tobacco and its products.....	15	+4	+4	1,163	9	+2	+1	744	87	87	89
South Atlantic.....	346	+16	+11	22,397	200	+7	+2	20,224	139	152	150
Automotive supplies.....	15	+14	+22	476	6	+16	+3	145	213	216	252
Drugs and sundries (liquor excluded).....	21	+10	+11	1,806	15	+1	-1	2,606	197	219	229
Dry goods.....	14	+5	-1	1,425	8	+5	-4	1,246	178	180	179
Electrical goods.....	50	+26	+11	3,674	47	+25	+5	3,592	101	103	106
Fresh fruits and vegetables.....	12	-4	+11	330	5	+2	+16	58	44	37	43
Groceries and foods, except farm products.....	98	+15	+10	5,434	42	-4	+8	4,066	139	164	140
Confectionery.....	8	+12	+12	189	5	+2	+5	85	82	97	89
Meats and meat products.....	10	+11	+8	686	7	-3	-10	266	40	46	48
General hardware.....	25	+11	+9	2,052	14	+6	+1	3,069	267	272	279
Industrial supplies.....	11	+14	+33	513	6	+11	+2	650	186	190	244
Plumbing and heating supplies.....	18	+63	+42	1,458	15	+26	+12	932	99	126	118
Paper and its products.....	10	+16	+11	556	4	-5	+1	326	122	164	137
Tobacco and its products.....	13	+7	+3	740	4	+3	+2	104	49	55	54
East South Central.....	143	+9	+8	10,231	82	+4	+1	10,676	170	180	176
Dry goods.....	12	+1	-9	1,095	7	0	-5	1,489	187	185	176
Electrical goods.....	12	+10	-6	523	10	+36	+11	902	179	148	152
Groceries and foods, except farm products.....	44	+12	+15	2,781	18	-5	+7	1,700	167	201	170
General hardware.....	12	+14	+11	1,835	7	+7	+1	2,276	205	215	222
Industrial supplies.....	8	-1	+18	345	5	+7	+1	337	152	156	188
West South Central.....	242	+12	+11	18,855	171	+2	+3	24,281	171	192	184
Automotive supplies.....	11	+19	+41	262	10	+10	+4	461	180	195	243
Drugs and sundries (liquor excluded).....	17	+7	+6	1,963	13	+1	+4	4,038	234	249	239
Electrical goods.....	35	+14	+8	1,786	27	+16	-9	1,791	112	110	133
Groceries and foods, except farm products.....	103	+13	+3	7,330	75	-5	+7	8,728	155	185	146
Liquor department of other trades.....	10	+7	+30	565	9	+13	-7	1,269	230	220	317
General hardware.....	16	+5	+10	2,153	10	+10	+3	2,752	260	226	255
Industrial supplies.....	6	+25	+38	1,656	5	+8	+1	1,771	153	215	202
Mountain.....	127	+4	+3	7,857	96	+3	+2	10,285	170	174	170
Automotive supplies.....	19	+2	-9	402	10	-12	-3	341	181	237	157
Drugs and sundries (liquor excluded).....	5	+10	+7	381	5	+3	+1	826	217	232	232
Electrical goods.....	13	+2	-3	650	9	+26	+3	749	133	108	124
Groceries and foods, except farm products.....	33	+2	+4	2,325	30	-1	+7	3,529	185	192	177
General Hardware.....	7	+1	+6	809	5	+4	-2	1,047	268	262	285
Pacific.....	332	+13	+11	30,642	199	+8	+2	35,238	164	175	183
Automotive supplies.....	60	-3	-6	1,162	23	+2	0	543	198	199	220
Shoes and other footwear.....	7	-13	-15	189	5	-1	-7	372	220	191	193
Dry goods.....	14	-5	+5	1,084	6	+5	-9	824	198	199	248
Electrical goods.....	30	+18	+10	3,253	29	+12	-3	3,914	126	134	144
Fresh fruits and vegetables.....	8	-3	-12	259	5	+3	+26	39	20	18	18
Furniture and house furnishings.....	11	+22	+23	853	7	-3	+4	643	296	309	335
Groceries and foods, except farm products.....	49	+12	+13	8,436	31	-1	+2	6,410	103	119	118
Meats and meat products.....	10	-1	+1	854	7	+3	+13	162	38	36	34
General hardware.....	16	+20	+10	3,884	11	+12	+1	7,659	277	303	298
Industrial supplies.....	12	+30	+18	501	7	-4	-3	781	243	327	290
Lumber and building materials.....	11	+16	+19	666	9	+1	-3	504	87	102	110
Machinery, equipment and supplies, except electrical.....	14	+13	+14	351	6	+30	+2	646	406	355	461
Tobacco and its products.....	15	+10	+15	1,231	4	+28	0	237	89	76	102

*These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.
 †Chiefly of the wholesale drug trade.

—Insufficient data to show separately.



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